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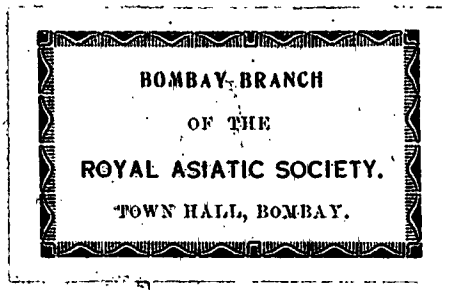

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ANNUAL MARKET REVIEW
1923.

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63, APOLLO STREET,
BOMBAY, 1ST JANUARY 1924.

AT one time the year 1923 gave fair promise of further development in the movement towards recovery in the world's trade of which indications were not wanting during the previous year, but it cannot be said that the attempts to adjust international trade have as yet met with any general success. Political conditions in Europe have continued to exercise a hindering influence, and the state of international politics generally has held in check the return to prosperity for which economic conditions have seemed sufficiently favourable. Many hold that if the political clouds could be dispelled the improvement in trade would be rapid, but unfortunately the position as between France and Germany in the Ruhr has been brought little, if any, nearer to solution.

With the terms of the reparations settlement still undecided in spite of long continued diplomatic discussions between the allied powers, and with the difficulties consequent upon the French occupation in no way diminished, there has been as yet no appreciable movement towards the adjustment of prices and the reorganisation of markets in Central Europe which has always been a factor of great importance to the world's trade in general and to India in particular. In Germany itself the currency question has obscured all others and would indeed appear to be in general regarded as inseparable from the question of reparations. At the close of the year the world was still left in doubt whether guarantees of a nature to satisfy France without seriously crippling Germany would soon be found, and whether a settlement would be reached that conforms to economic laws and offers a promise of future peace and confidence in Europe. Clearly there can be no free movement of trade on the Continent of Europe while German currency remains in a condition in which it seems to have lost all pretence to calculable gold value, and while the other principal exchanges on the Continent are subject to violent fluctuations and remain in anything but a stable condition.

Yet while it cannot be said that anything definite emerged during the year to suggest an early return to prosperity in Central Europe, there is matter for much satisfaction in the successful issue of the negotiations between the Allies and Turkey. During the continuance of the war-after-the-war between Greece and Turkey the difficulties of trade with Eastern Europe, accentuated by the disappearance of Russia from the world's commerce, had necessarily been acute. The political effect of disturbed conditions in the Near East was moreover serious, and, in its relation to the internal tranquillity of India was scarcely less important than the commercial. With the settlement of the Near East situation a great source of trouble and difficulty has been removed, and the results of the clearing up of this question are already working to the advantage of this country. Moreover, although the markets of Central Europe are in a disturbed state they are by no means completely dead, and while India's export trade is still hampered by a restriction of buying in Europe, the year has yet seen a marked improvement in this respect.

As regards the United Kingdom, while its trade with the world generally has been suffering from a considerable depression, more particularly noticeable in her textile and the allied industries, and while the extensive unemployment in the country is sufficient evidence of the unsatisfactory nature of economic conditions, there has at the same time been a progressive improvement in the

volume of trade passing between the United Kingdom and India. The beginnings of the revival of a brisk trade between the two countries which were observable towards the close of the year 1922 have been continued with progressive effect during last year. Shipments of tea, rice and other food grains from India though not yet on a normal scale, have been larger in 1923 than in the previous year. Similarly there has been a further expansion in the marked recovery of trade with America. Jute shipments have been good, while a notable feature towards the close of the year was the large increase in cotton exports at good prices to Europe and Japan which were of a record nature mainly as a result of the anticipated world's shortage in the stocks of cotton.

The clearance of the accumulation of piece-goods and other merchandise has also been on an encouraging scale, and with a generally favourable monsoon to the year's credit there are good prospects of a satisfactory absorption of the stocks in hand. In spite of a phenomenal import of treasure during the early months of the year and a continued influx of the precious metals on a large scale throughout the rest of the year, the balance of trade owing to improved exports of merchandise had swung in India's favour by the second quarter and continued favourable during the succeeding months of the year with the exception only of October. The improved trade position, in conjunction with the promotion of renewed confidence in the country's stability as a result of the wise administration of Government finance, contributed mainly to the important appreciation of the rupee which took place during the course of the year and which amounted to a full penny.

Turning now from a consideration of the external aspects of the progress achieved during the year to questions with a bearing on internal development there is room for considerable satisfaction on more than one account. The year has witnessed a definite advance in the shaping of the Indian banking and currency system to meet the peculiar needs of the country, and there commenced what may be described as a new era in the relations existing between the Government of India and the money and exchange markets. There is, indeed, ample evidence of a much closer consideration given by Government to the needs of trade in these markets. It was too often the case in previous years that when money was tight and the where-withal to meet heavy trade demands was difficult to find, Government came into the market and added to these difficulties by a policy of action inimicable to the immediate interests of trade and commerce. A well-known difficulty in India as regards the supply of currency lies in the fact that the trade of the country is largely seasonal and an urgent need for rapid expansion of cash resources arises at particular seasons of the year. If the Government of India at this time becomes a borrower in the market or engages in a process of deflation, an emergency is created the results of which are far reaching.

During the year under review it may be said that Government policy, perhaps for the first time in the history of the Government of India's finance, was directed with a careful consideration of the needs of trade. When there was an emergent demand of money for the financing of the cotton crop a policy of inflation was adopted, much to the advantage of trade interests, while deflation was effected during the slack season. Such action would not have been possible had not the way towards it been carefully prepared and had not the programme of remittances to the Secretary of State been regulated accordingly. The policy of inflating the currency against British treasury bills at a season of the year when money was in strong demand met with hearty approval in trade circles. In some quarters it was suggested that Indian securities ought to be held against the issue but with this suggestion it is not possible to agree, having regard to the ease with which British treasury bills can be liquidated in case of necessity.

The year saw also an important advance in the development of the machinery of the Imperial Bank for devising measures to meet emergency demands of cash. The amendment to the Indian Paper Currency Act passed in the first half of the year extended the system by which the Government of India was enabled to lend from the Paper Currency Reserve to the Imperial Bank with the object of increasing the bank's cash resources during periods of stringent money when the seasonal trade demand is at its height. The bank has played an important part in the development of the currency system to meet the special needs of the trading season. The year, indeed, provided ample proof of the great advantages accruing to banking development in the country, and to trade and commerce, from the establishment of a consolidated bank in the place of the three Presidency banks and in close touch with the Government. The obligation of creating one hundred branches in various parts of the country, in addition to existing branches of the former presidency banks, is now being fulfilled with expedition. A signal service done by the Imperial Bank during the year was its action in coming to the rescue of the Alliance Bank of Simla, Limited, and in undertaking the liquidation of that bank. It was owing chiefly to the intervention of the Imperial Bank on this occasion that a grave crisis was safely passed and normal conditions in the money and exchange markets were quickly restored.

The bullion trade of India during 1923 enjoyed as prosperous a year as it has ever seen. Imports of gold and silver were of a record nature and even in excess of the huge totals reached during the previous year which had themselves been unequalled hitherto. In recognition of the general importance of the bullion trade of Bombay, a new organisation known as the Bombay Bullion Exchange was formed during the year and is being developed on enlightened and progressive lines. The long and close association between Bombay and the London market has been cemented and is of a cordial nature. Some time back it was said, even in reputed authoritative quarters, that the financial orbit of the world was in process of transformation from London to New York. The wish in this case may have been father to the thought. In any event Bombay bullion merchants were not likely to subscribe to any such notion. Although the year has seen a closer association between American producers of silver and Indian bullion merchants through the medium of consignments sent direct from that country to this, all matters of finance have as usual been transacted through the normal channel, that is through London. Sterling is still the pivot of the world's exchanges. London is still the world's central market for the precious metals, and the price ruling in that market reflects the world's supply and demand.

During the third quarter of the year heavy speculative activity disturbed the Bombay silver market for many weeks and interfered with normal trading. A group of speculators engineered a corner in the position for the 30th October and pushed up the rate for that settlement to a heavy premium. The corner, for such was created, drew to India a huge accumulation of silver from the world's markets. The London market was influenced with unusual strength as the result of the locking up of the world's visible stock of silver in Bombay. There was much excitement at the time of the October settlement which was of a record nature. Some 16,000 bars to the value of about Rs. 3¾ crores were tendered. The extreme technical difficulties which developed in the situation were tided over by arbitration, and the bull clique succeeded in taking delivery but were quickly forced to unload at reduced rates. Fortunately for the market a strong buying activity at this juncture made itself felt from Shanghai, and with this assistance added to a strong up-country demand the accumulated stocks were rapidly absorbed and normal conditions were quickly restored. It is not necessary here to emphasize the dangers and the

distressing results of corners, with the consequent disturbance to legitimate trade. The whole incident is much to be regretted, and it is a matter for considerable satisfaction that the Bombay Bullion Exchange have made a definite attempt to curb opportunities for excessive speculation by the introduction of a rule which limits the rate at which buyers can buy on account of defaulting sellers on the auction date.

In respect of the Bombay Stock Exchange the year was notable for the appointment by Government of an Enquiry Committee to examine the working of the exchange and report whether or in what manner reforms could be affected. Considerable dissatisfaction had been voiced from many quarters and the management of the Exchange had been subjected to much adverse criticism, mainly in respect of its failure to limit or control wild speculation and dizzy artificial inflation of the prices of cotton mill shares which had been carried to the extent of severely handicapping the business and damaging the interests of genuine investors. It was in response to public demand that Sir George Lloyd, then Governor of Bombay, after receiving representations from the brokers decided on a committee of enquiry. The appointment of Sir Wilfrid Atlay of the London Stock Exchange as Chairman of the committee and the inclusion in the personnel of respected representatives of trade and commerce met with general approval. Moreover, the sympathetic and painstaking manner in which the committee set about its difficult task ensured an atmosphere of the best kind for the enquiry. Before the close of the year the work of the committee had been completed, and while there is every reason to look for a well considered and valuable report, there are also good grounds for believing that the members of the Exchange will show themselves ready to profit by the recommendations and anxious to put their house in order and overhaul their rules and regulations at the earliest opportunity.

In the survey of the year's transactions in the Bombay markets, which follows, there is ample evidence of the satisfactory nature of the general progress which has been achieved during the past year in spite of frequent set-backs. The finances of the country have been placed on a sound footing and Sir Basil Blackett, the Finance Member, has well deserved the commendations of all thoughtful men in this country. Retrenchment has been pursued with rigour, the annual recurring deficit in the Government's budget has been arrested, and an equilibrium between income and expenditure has been achieved. Government is in a strong financial position. Trade and commerce are developing again on the old lines of expansion, and there would appear to be every justification for expectations of a progressive improvement in trade during the coming year.

MONEY.

Conditions in the Bombay money market at the beginning of the year 1923 were characterised by the usual seasonal stringency, there being a continued brisk demand for money to meet the requirements of the export trade. Towards the close of 1922 a considerable scarcity of funds had developed, money at call during the closing weeks of that year being unobtainable at less than 5 per cent., with the short deposit rates for the three and six months periods quoted at 6 to 6½ per cent. The cash balance at the Imperial Bank which had been depleted by over Rs. 16 crores during the closing eight weeks of that year had decreased to Rs. 15,47,85,000, the percentage of cash to liabilities being as low as 21·42. The Bank rate had been raised to 7 per cent. in consequence of the heavy drain to meet the trade demand. With the opening of the new year the Government of India announced the offer for sale by competitive tenders of a limited number of Council Bills and Telegraphic Transfers, deferred and immediates, in order to strengthen the Secretary of State's sterling resources against his requirements in the financial year 1923-24. In view of the stringency in the money market at this period the decision was welcomed as calculated to assist trade interests with funds at a time when the export season was in full swing. The sales were also expected to counteract in some measure the effects of the unpopular policy of deflation that had been pursued by Government during the preceding six months and carried to the extent of Rs. 8 crores to Rs. 9 crores. The first sale of Council Bills was held on January 9th and the amount offered was Rs. 50 lacs. It was confidently expected that further sums to the extent of several crores in all would be sold during succeeding months.

Seasonal stringency.

The acute nature of the demand for money in January was evidenced by a hardening of the market rate for money at call to 6 per cent. With a progressive decrease in the cash balance at the Imperial Bank, and the percentage reduced to 19·97, the Bank rate had been raised to 8 per cent. by the second week of the month. The Bank of England rate at this period was 3 per cent. and the disparity between the two bank rates was such that a considerable section of opinion held that at this juncture the Imperial Bank might have been expected to come to the assistance of the market by exercising the facilities accorded by the provisions of the Paper Currency Amendment Act of 1920. Such a step had been taken at a later period of the previous year when the Imperial Bank rate had reached 8 per cent., a loan of Rs. 2 crores being made to the Bank against inland bills under section 19A of the Act. The demand for similar action became more insistent towards the close of the month when the rate for call money in the market rose above 7 per cent., with the short deposit rate advancing to 7½ per cent.

High bank rate.

But from about the middle of January, when the cash balance of the Imperial Bank had fallen below Rs. 12 crores, Government revenues were beginning to come in with increasing strength and there was a recovery in the position. A factor which contributed to reduce the stringency in the market was the pouring of large quantities of money into the banks to meet heavy imports of gold and silver bullion that were arriving to satisfy a strong upcountry demand. By the first week of February the cash balance at the bank had increased to Rs. 13,13,95,000, and although

Easier money.

the requirements for financing the Broach cotton crop at this period were considerable the effects upon the market of this demand for money were largely neutralised by the off-take of bullion. The bank had taken no loan from the Currency Department against inland and trade bills and continued to meet the situation from its own resources, this being rendered possible by the large increase in Government deposits.

An interesting development announced about this time was the absorption of Cox's and King's Banks by Lloyds Bank, Limited. This event was one of the fruits of the increased attention that has been paid during recent years by London joint stock banks to the conduct of profitable business in the Indian money and exchange markets, and indicated that the vast resources of the London money market were being more definitely placed at the disposal of India.

Before the close of the month of February a tendency to easier monetary conditions had definitely set in, although call money had not as yet become available at a lower rate than 6 per cent.

Lessened activity.

The lightening of the demand was partly due to a falling off in the strength of the export trade both in Bombay and Calcutta. Japan was buying cotton with less activity and the demand for jute goods in Calcutta had weakened. The disturbed political situation in Europe at this period was largely responsible for the lessened activity at what was usually a notably busy season of the year. Trade, however, was reported to be very active in America and this promised an improvement in the prices of commodities all round with a resultant revival of prosperity for India. Towards the end of February the offers of Council Bills which since the beginning of the year had aggregated to Rs. 375 lakhs were discontinued by Government, and in the closing week of the month tenders were called for Treasury Bills for the three and six months periods to the extent of Rs. 50 lacs, and for the nine months period to Rs. 25 lacs.

Early in March the budget proposals of the Government of India were submitted to the Legislative Assembly by the Hon'ble Sir Basil Blackett, Finance Member. With a deficit of Rs. 100 crores reached in five years, the paramount need in the country's finance was the establishment of an equilibrium between Government revenue and expenditure. Sir Basil Blackett presented the country with a balanced budget. Reductions in expenditure, following the recommendations of the Inchape Committee, had been carried to the extent of Rs. 12 crores, and provision had been made for a solid reduction of the deficit as compared with the previous year. In respect of new taxation there were no changes with the exception of an addition to the Salt tax, a proposal strongly opposed in the Legislative Assembly, and a reduction of export duty.

Budget Proposals.

As regards "Ways and Means" the Finance Member announced that Government assumed its ability to raise £15 millions by new sterling borrowings, and expected to be able to secure a rupee loan of Rs. 25 crores. These resources were expected to meet liabilities of Rs. 5 to Rs. 6 crores in the floating debts. In addition to these sterling borrowings Government estimated that they would require to remit £27 millions to London from India during the course of the ensuing financial year. Without any definite commitment in respect of the various methods to be adopted, the Finance Member indicated that in addition to the ordinary method of purchase of exchange, £5½ millions in the Paper Currency reserve in London, and after that the gold standard reserve of £40 millions, could be drawn against an equivalent of ear-marking of rupees for those

Ways and Means.

reserves in India. The budget was again based on the exchange rate of 1*s.* 4*d.* and no announcement of any intention to change the official two shilling standard was made.

The more comfortable conditions which had become apparent in the market during the latter part of February developed with progressive effect during March; trade demand for money both in Bombay and Calcutta had shrunk considerably. By the third week in March money at call had become available at 5 per cent., and before the close of the month the cash balance at the Imperial Bank had risen to above Rs. 15 crores. The Bank rate, however, remained unchanged at 8 per cent. and there followed a temporary check to the easier tendency, mainly as the result of investments by banks in six and nine month's Treasury Bills. These bills were being allotted at rates sufficiently favourable to Government, the "top" rate being 5½ per cent. for six months. The market rate for short loans had, however, receded to 4½ per cent. towards the close of the month, indicating the general trend of the market.

Comfortable conditions.

The Finance Bill of the Government of India was passed after much opposition and by means of certification in respect of the salt tax. The business world was gratified to see that budget taxation provided for a surplus in place of a deficit. With a large borrowing programme it was clear that Government could not afford to budget for a deficit; at the same time the majority of business men were in sympathy with the general public in regretting that some method of balancing the income and expenditure could not have been devised other than that adopted, namely, the doubling of the salt tax.

The announcement in the budget statement of an intended rupee loan of Rs. 25 crores had in the first instance a somewhat depressing effect on the gilt-edged market. During the first month of the year, as a natural consequence of dear money, the market values of these securities had suffered a decline. The 6 per cent. bonds for 1926 and 1930 had been quoted down to rates below Rs. 100, and the 3½ per cent. paper had receded to Rs. 57½; but in February this fall was arrested, and with a promise of cheaper money the market rates of Government securities started on an upward march. By the third week of February the 6 per cent. bonds for 1930, 31 and 32 had reached 1 per cent. premium, thereby touching the high level reached during November of the previous year. The other 6 per cent. bonds were also quoted at somewhat lesser premiums and the 3½ per cent. paper improved to Rs. 59¼. With the advent of March and the budget statement a temporary reaction set in. Holders of gilt-edged securities were in the first place nervous as the result of the announcement of a large rupee loan, but when it was realised that the rate per cent. of the loan would not be of a nature to disturb the market, steadiness ensued. As the month of March advanced a strong demand for gilt-edged securities developed and the 6 per cent. bonds acquired premiums ranging from 2 per cent. to 3¾ per cent., while in the 3½ per cent. Government paper business was done as high as Rs. 61½.

Gilt-edged securities.

April was characterised by a return to stringent conditions in the market, mainly as the result of heavy upcountry requirements for the finance of seed and cotton as well as for bullion import. With a large number of Treasury Bills maturing during the month the supply of money with banks was increasing, but this transfer of funds as between Government and the banks did not materially assist market resources. Although the rate for call money, which was quoted at 6 per cent. early in the month, had fallen below 5 per cent., no apparent movement to easier con-

Strong trade demand.

ditions was indicated by the returns of the Imperial Bank of India or by monetary conditions generally in the country. The surplus of the wheat crop available for export was estimated at a value of some £12 millions, the finance requisite for moving it to the ports being therefore extremely heavy. Towards the end of April the cash balance at the Imperial Bank had shrunk as low as Rs. 12 crores, to which it had dipped in January, the percentage of cash to liability being 16·93. At this stage, however, it was announced that the bank had taken a loan of Rs. 2 crores from the Currency Department against Inland Bills, the step being rendered urgently necessary by the strong requirements of finance already mentioned. The bank rate remained unchanged at 8 per cent. but towards the close of the month the cash balance had increased to Rs. 16½ crores, the percentage improving to 21·76.

Finance Member's announcement.

Two events of considerable interest call for record at this stage. In an official visit to the Committee of the Indian Merchants Chamber, Bombay, Sir Basil Blackett, while giving it as his opinion that the time was not yet ripe for a reversion from the 2*s.* gold standard to 1*s.* 4*d.*, announced at the same time Government's intention to bring in a bill before the general session of the Legislative Assembly for amending the Currency Act. The bill was to provide for the permissible grant of loans from the Paper Currency Reserve being increased to Rs. 12 crores, as against the Rs. 5 crores then allowable. The loans would bear interest at varying bank rates and would be limited to Rs. 3 crores, and, further, Rs. 4 crores and Rs. 5 crores as the rate was advanced from 6 to 8 per cent.

Failure of Alliance Bank.

The second event, namely, the failure of the Alliance Bank of Simla, Limited, caused some temporary disturbance in the market. It was well known that this old established and popular Bank had been in difficulties for some time past; at the same time powerful influences had been reported to be at work in order to assist the bank to tide over its troubles. The closing of the doors of the bank led to considerable excitement and to runs on some well established banking institutions in the country, but the effect was greatly mitigated by a prompt official announcement that arrangements would be made for liquidation under the surveillance of the Imperial Bank of India, the latter bank being prepared to pay 50 per cent. of the deposits at the Alliance Bank of Simla, including current and savings bank balances. Such disturbance as was caused by the failure seems to have been more severely felt in Calcutta than in Bombay where the excitement in the money market proved to be short lived.

Cheap money.

One effect of this event, however, was seen in a rapid movement towards cheaper money, occasioned principally by the accumulation of heavy balances at banks owing to the want of confidence which the failure of the Alliance Bank had created upcountry. By the second week in May the rate for call money, which on the closing of the doors of the Alliance Bank had been raised as high as 6 per cent. had fallen to 3½ per cent. and an indication of the future trend of the market was given by the quotations of short deposit rates which were depressed to between 4 and 5 per cent. Although the Imperial Bank rate remained unchanged at 8 per cent. there was yet a strong demand from the investing public for gilt-edged securities, the 6 per cent. bonds being still placed at a premium of over Rs. 2 to Rs. 4 per cent., while the price of the 3½ per cent.

Government paper had advanced above Rs. 65. A progressive movement towards cheaper money was apparent during the latter weeks of May. With a heavy influx of funds into Bombay from upcountry centres, the Imperial Bank was enabled to repay the loan of Rs. 2 crores from the Currency Department and the bank rate was reduced from 8 per cent. to 7 per cent. Each succeeding week saw a further reduction until the rate had fallen to 5 per cent. early in June. The cash balance at the Imperial Bank was now approaching Rs. 20 crores and before the end of June stood at Rs. 28 crores, the percentage having risen from 26 to 34 in the space of three weeks Call money in the market was now readily obtainable at less than 3 per cent. and the short deposit rates were quoted between 3 and 3½ per cent.

The Sterling loan.

The issue in May of the 4½ per cent. Indian Sterling loan for £20 millions in London, redeemable in 1950-55, at £90 indicated the readiness of the London market to absorb Indian Government issues, the issue of similar loans in previous years having been quoted at £85. Early in June, owing to a general lack of confidence in industrial stocks in this country, large sums of money were waiting investment in Government securities and it was generally expected that if the long termed rupee loan of the Government of India, bearing interest at 5 per cent. free of tax, were issued at 95 per cent. it would be readily absorbed by investors. In the second week of the month the Calcutta Port Trust had floated a loan for £1 million in London at 5 per cent. with the issue price of £97, an improvement of one per cent. in the rate at which Indian corporations could borrow in London being thereby registered as against the rates of the previous year.

Success of Rupee loan.

At the close of the second week of June the terms of the new rupee loan were announced, the offer being for 5 per cent. ten-year Bonds at Rs. 97 and 5 per cent. long termed loan 1945-55 at Rs. 96. These terms, while being generally considered as sufficiently satisfactory from the point of view of Government borrowings, were decidedly attractive to the investing public, and as the loan was for a limited amount it was expected that the whole would be subscribed within a shorter period than is usually the case. With this loan in the market the prices of gilt-edged securities of necessity suffered a temporary check, but the general tone of the gilt-edged market remained unchanged and the temporary loss was soon recovered. The loan was closed in the second week of July, Bombay as usual taking the lead in subscriptions. The success of the loan was indeed phenomenal, the whole issue of Rs. 24 crores being subscribed within five days. It must have been a great satisfaction to the Finance Member that the closure of so large a loan was possible in so short a time, a record in Government borrowings in the Indian market being in fact established.

Injunction against Imperial Bank.

The closing weeks of the first half of the year were notable in more ways than one for events which had an indirect influence on the money market. The failure of the Alliance Bank of Simla, Limited, and the prompt offer from the Imperial Bank of India have already been mentioned. This assistance of the Imperial Bank was temporarily suspended by the action of a share-holder of the bank who obtained an *interim* injunction from the High Court of Bombay restraining payments from the Imperial Bank to creditors of the Alliance Bank. Apart from the merits of any technical objections that might be urged against the Imperial Bank's offer, it was generally regretted that the discretion of India's leading bank should be publicly called in question in

this manner, and the issue of the event was awaited with much interest in financial circles. Before the close of June the hearing had taken place and the injunction had been dissolved. It was also towards the close of the same month that the announcement was made of a definite scheme for amalgamation between the Tata Industrial Bank and the Central Bank of India.

The slack season.

With the opening of subscriptions to the new Government of India rupee loan on the 4th July, money showed a hardening tendency, with the call rate increasing to 3 per cent. mainly as a result of the withdrawal of several crores of rupees from the market for investment in the loan. The slack season was approaching, however, and a falling off in the trade demand had set in ; there were large accumulations of money in the Government account at the Imperial Bank as a result of the late issue of the loan. The cash balance at the bank therefore steadily increased during the month and before the end of August nearly reached the large total of Rs. 38 crores, the percentage having reached 39·98. The balance was, however, still less by some Rs. 5 crores than the record figure reached at a somewhat earlier period of the previous year. In the third week of July, Government had been reported to have deflated the currency to the extent of Rs. one crore, currency notes to that extent having been cancelled and an equivalent amount of sterling securities withdrawn from the Currency Reserve in London. This action had little or no effect on the money market owing to the stagnation following the closing of the rupee loan. Gilt-edged securities after a temporary relapse had become again in good demand and there was a considerable volume of business passing. Towards the end of July the 3½ per cent. paper had recovered to above Rs. 65 and the 6 per cent. Bonds were again at substantial premiums.

Paper Currency Act amendment.

During July Sir Basil Blackett introduced in the Legislative Assembly the promised bill to amend the Paper Currency Act with the object of raising the maximum limit for the issue of currency notes against commercial bills of exchange from Rs. 5 crores to Rs. 12 crores when required to meet any exceptional seasonal demand. The bill provided for a modification of the conditions under which the loan could be granted so that the amount of the loan which should be available at 6 per cent, should not exceed Rs. 4 crores. Similar amounts should be made available at 7 and 8 per cent., and interest on the loan should be payable at bank rate subject to the minimum of 6 per cent. Much satisfaction was felt in financial circles at the placing of this bill on the Statute Book. At the same time it might be argued that it would be of considerable advantage to trade interests if Government did not withhold the balance of Rs. 12 crores until the bank rate had risen by stages from 6 to 8 per cent.

The passage through the Legislative Assembly about this time of a resolution of censure against the Government of India in respect of their action with reference to the failure of the Alliance Bank of Simla was generally speaking much regretted. It was realised in business circles that a run on many banks and a financial crisis of the most serious nature would have occurred had not Government intervened through the Imperial Bank. By the resolution in the Legislative Assembly the Governor-General was asked to express his disapproval of the action and policy of the Finance Department of his Government, and although the Hon'ble Sir Basil Blackett offered a clear exposition and made a strong defence of Government's action he was unfortunately quite unable to convince his opponents in the Assembly. During this month

the Karachi Municipality invited tenders for a loan of Rs. 30 lakhs bearing interest at 6½ per cent and repayable after forty years, and the Rangoon Corporation decided to accept the offer of Lloyds Bank at £96-3 per cent. plus stamp duty for the Corporation loan of £3,00,000.

Demand for Govt. securities.

With cheap money throughout August, call money being available at about 2 per cent. and the short deposits bearing rates from 3 to 3½ per cent. gilt-edged securities were strongly in demand and the prices hardened. The strength of the inquiry for these investments was such that gilt-edged securities to the amount of some Rs. 3 crores were absorbed by the investing public during the two weeks prior to the maturing of the half-year interest on August 15th. A further indication of the conditions ruling at this period was evidenced by a decrease of some Rs. 130 lacs in the holdings of Government securities by the Imperial Bank of India. The 3½ per cent. Government paper touched Rs. 66¼ and the 6 per cent. bonds quoted at premiums varying between 2½ and 4¾ per cent. But as soon as these high levels were touched the demand slackened and there was some small reaction in prices. The cash balance at the Imperial Bank at the end of August, in spite of further deflation which had amounted to Rs. 8·4 crores during the course of five consecutive weeks, approximated to Rs. 40 crores, the percentage being 40·93 and the bank rate remaining unchanged at 4 per cent. Money was being freely remitted from Calcutta to Bombay and *vice versâ* in accordance as the rates differed between these two financial centres. Call money at the close of August was available at rates from 2 to 1½ per cent.

A quiet market.

Monetary conditions were generally easy during the month of September and call money was throughout available at about two per cent. with short loans quoted from 3 to 3½ per cent. A revival in trade demand from Calcutta was reflected by a reduction of some Rs. 3 crores in the cash balance at the Imperial Bank of India in the first half of the month, but this was quickly reversed by a strong flow of funds into trade centres from up-country. Such variations as were notable in Government and other deposits in the cash balance of the bank was mainly due to the withdrawal of Government deposits for the payment of Treasury Bills falling due and the purchase of sterling exchange. A large number of bills matured during the month and by the close of September Treasury Bills had been paid off to the public to the extent of Rs. 2 crores the amount then outstanding not exceeding Rs. 45 crores. Coined silver was flowing into the currency office freely at this juncture and served to counteract the effects of the heavy deflation of the previous two months. About the middle of September silver bullion under coinage amounted to Rs. 4·55 crores the total reserve of silver coined and uncoined reaching the high figure of Rs. 95·52 crores.

Japanese disaster.

Gilt-edged securities which found ready buyers throughout the earlier part of September developed on easier tendency with the approach of October, and there ensued a progressive weakening in the rates on the approach of the seasonal development of firmer monetary conditions. The disastrous earthquake that caused so much material loss in the Japanese capital about this time was expected to cause a serious interruption to normal trade conditions between that country and India and was not without a temporary disturbing effect upon the Bombay money market. Japan is the largest buyer of Indian cotton and has many important commercial connections with this country. Reassuring news was soon received, however, and the effects of the disaster in the money and other markets of Bombay proved to be only of a temporary nature.

During October there was little change in the conditions ruling in the market which was generally dull. The Calcutta money market was at this period drawing to a considerable extent upon Bombay. Monetary rates remained unchanged but banks were taking measures to meet requirements for financing the Berar cotton crop, and to provide for the special demand for money which was expected to arise owing to the large influx of silver, drawn to Bombay from London and New York to meet heavy speculative activity in the local silver market. Gilt-edged securities had continued to decline until the 3½ per cent. paper fell below Rs. 62, and the 6 per cent. bonds for the short terms eased to Rs. 101½ and Rs. 101¾. Early in November there was temporary steadiness at the lower level of rates, and with a firmer tendency developing there was even a short advance in prices, but on the raising of the bank rate in that month from 4 to 5 per cent. the seasonal march to lower levels was continued.

A steadying market.

Although during November conditions on the surface exhibited little change, and the call rate throughout the month was quoted at about 2 per cent. there was a strong tendency to lay in money against trade requirements in the near future. The approach of the heavy seasonal demand for financing cotton and other crops was evidenced by the hardening of the short deposit rates for the two and four months period from 4½ per cent. to 5 per cent. Early in the month there had been a rapid decline in the cash balance at the Imperial Bank which was diminished by Rs. 6 crores within the course of a week, due to heavy Government and other withdrawals, mainly the latter. By the close of the month the balance had fallen to Rs. 24 crores, necessitating the raising of the bank rate to 6 per cent.

Approach of busy season.

About the middle of November, after a considerable interval, the Government of India again offered Treasury Bills in the market. There were Rs. 51·28 crores of these Bills outstanding on November 10th of which Rs. 49·65 crores were held in the Paper Currency Reserve. The offer was to the extent of Rs. 100 lacs; tenders for six months' bills at Rs. 97-10 and above, aggregating Rs. 98·1 lakhs, were accepted and the rest rejected. In the next week Rs. 50 lacs six months' bills were offered but all the tenders were rejected. The sale of bills by tenders was then discontinued to the satisfaction of the money market which had looked with disfavour upon the sale of these bills by tender at high rates at a time when a heavy seasonal demand for money was developing. An explanation of the action taken by Government was afforded by the currency returns subsequently issued and which showed an increase in all of Rs. 7 crores in sterling securities held in London, and a corresponding increase in the circulation of currency notes issued in this country.

Offers of Treasury bills.

It thus appears that the issue of currency notes by the Government in India to pay for Councils and sterling remittances was supported by British Treasury Bills bought with the proceeds of sterling remittances in the Indian Currency reserve in London. An increase in money made available for the market would therefore result from the operation. The ability to take this step appeared in all probability due to the early transmission of Council remittances to satisfy budget requirements, which had been more than met before the closing months of the year. The policy of inflating the currency against British Treasury Billsat this season of the year was welcomed in financial

Purchase of British Treasury bills.

circles as evidencing a careful consideration of money market needs. In previous years it had frequently been the case that stringency in the market had been accentuated by heavy Government borrowings through Treasury Bills or large Government withdrawals at an inopportune moment.

With December the brisk demand for money, customary at this season of the year, had set in well. The trade enquiry was as strong in Bombay for the movement of cotton as it was in Calcutta and Rangoon for financing the rice crop. The cash balance at the Imperial Bank of India rapidly declined until it fell to Rs. 17 crores, with the percentage of cash to liability at 18·85 crores. The bank rate was raised from 6 to 7 per cent. in the second half of the month. Call money in the market was not available at less than 3½ per cent. and the short-deposit rates for the two and four months periods had hardened to about 6½ per cent.

Active trade demand.

Under the terms of the Paper Currency Act the Imperial Bank had borrowed Rs. 4 crores from the Currency Department against Inland Bills, and prior to the raising of the Bank rate to 8 per cent. (which took place early in 1924) a further loan of Rs. 4 crores was also taken. Seeing that in addition to this issue of Rs. 4 crores of currency notes, Rs. 7 crores had already been issued by Government against British Treasury Bills, the total addition of emergency currency effected in the closing weeks of the year amounted to Rs. 15 crores. The manner in which Government had come to the assistance of trade at a period when money market conditions are habitually stringent was a matter of no little satisfaction in the market, and at the close of the year it was felt that trade generally in the country owed much to the wisdom and forethought brought to bear by the Finance Minister in the direction of Government finance throughout the year.

Relief through emergency currency.

R. LIBRARY OF THE BOMBAY BRANCH OF THE ROYAL ASIATIC SOCIETY

EXCHANGE.

The position in the sterling exchange market was favourable at the opening of the year. With the balance of trade moving in favour of India during the closing months of the year 1922, and a strong export business in full swing, the sterling value of the rupee had recovered to the level of 1*s.* 4*d.* for the first time in that year towards the end of December. At the turn of the year there was promise of a continued improvement. During the first week of January 1923 the market was firm with the rate for T. T. on London improving from 1*s.* $4\frac{1}{16}d.$ to 1*s.* $4\frac{1}{8}d.$ An exceptionally large volume of business was being transacted, exporters were selling heavily, while bullion importers were not less active as buyers.

A favourable opening.

Early in January the Government of India announced the Secretary of State's intention to sell Council bills and Telegraphic Transfers to the extent of Rs. 50 lakhs by competitive tenders on January 9th. The announcement was generally welcomed in financial circles; it caused a small set back in the exchange market, but this was of a temporary nature as the offer of the bills was not unexpected and had been already discounted. It was indeed anticipated that there would follow a series of similar offers, seeing that Government would be in receipt of large funds from land revenue during the early months of the year. The immediate effect of the sales was a weakening of the rate to 1*s.* $4\frac{1}{32}d.$ for ready T. T. and 1*s.* $4\frac{1}{16}d.$ for forward, and there was a considerable diminution in the volume of business transacted. But when the result of the first sale of Council bills was announced at a minimum rate of 1*s.* $4\frac{1}{16}d.$ to the rupee, the market recovered, and about the middle of the month brisk business was done in ready T. T. at as high a rate as 1*s.* $4\frac{9}{32}d.$

Offer of Council bills.

Towards the end of January the market was firm and active, due partly to the abundance of Yen bills for cotton export to Japan but mainly to the prevailing stringency in the money market. On the 25th of the month, with the rate for T. T. quoted at 1*s.* $5\frac{3}{16}d.$, the highest level to be reached until the closing month of the year was touched. This high rate, however, proved but a meteoric flight, and with speculators immediately taking charge of the market there was a sharp reaction the same day, the rate falling back again as low as 1*s.* $4\frac{3}{4}d.$ Sharp fluctuations ensued and a large amount of business was put through. A tendency to easier rates then set in on account of heavy demands to meet bullion imports and a lessening supply of export bills.

Sharp rise in rate for T. T.

The dollar quotation, which since the opening of the year had shown a gradual improvement from \$ 4·65 to \$ 4·68, suffered a check and fell back again, mainly as the result of the failure of the Anglo-American Commission for the funding of British debts to come to any agreement with the government of the United States. In the later part of January fluctuations in the American cross rate were remarkably sharp, quotations of \$ $4{\cdot}66\frac{1}{2}$ and \$ $4{\cdot}63\frac{5}{16}$ being registered within the space of a week. The principal Continental exchanges were also in a depressed condition owing to the French occupation of German territory. The German mark plunged to 100,000, and subsequently 200,000, to the pound sterling.

At this period Council bills were being offered by the Government of India weekly, in the first instance to the amount of Rs. 50,00,000 but after the first two weeks to the extent of Rs. 75,00,000.

Council bill allotments.

The rate at which allotment of drafts was made was gradually advanced from 1*s.* $4\frac{1}{16}$*d.* for immediate transfers to as high as 1*s.* $4\frac{15}{16}$*d.* for immediates with 1*s.* $4\frac{7}{8}$*d.* for deferreds. The sales were continued until the first week of February when the rates of allotment were 1*s.* $4\frac{13}{32}$*d.* for immediates and 1*s.* $4\frac{7}{16}$*d.* for deferreds, but after this the offers were terminated in view of the weakness that developed in the market. This decision of the Government of India met with general approval and expressions of confidence.

In February the unsettled political situation in Europe was not without its adverse influence upon trading conditions in this country and the disturbance was reflected in the exchange market.

Poor trading conditions.

Less export bills were showing and the amount of business in the market fell off. Bullion imports on the other hand showed no diminution. The figures of India's overseas trade during February showed a balance against this country of Rs. 32 lakhs, though exports of merchandise had actually increased. This adverse balance was mainly due to an unprecedented import of treasure amounting to over Rs. 10 crores. By the middle of the month, in the absence of any notable support from export bills, the rate for T. T. had receded to 1*s.* $4\frac{3}{16}$*d.* In the fourth week the rate had fallen as low as 1*s.* $4\frac{1}{32}$*d.*, but a short reaction followed the announcement of the closure of the offer of Council bills and there was a renewed showing of export bills in the market both in Bombay and in Calcutta. T. T. was again quoted at 1*s.* $4\frac{1}{8}$*d.* and with the beginning of March had improved to 1*s.* $4\frac{5}{32}$*d.*

The close of February witnessed a recovery in American exchange on London which during the last week of the month was steady round $ 4·70, mainly as the result of confidence created by the satisfactory settlement of the question of British debts with the American Government. The fall in French francs had also been arrested and the quotation improved to francs 77. The German mark, however, which had also shown some signs of improvement was again on the downward march.

The recovery in sterling exchange which had taken place towards the close of the previous month was sustained during the earlier weeks of March and the rate for T. T. was steady round

Irregular movements.

1*s.* $4\frac{1}{8}$*d.*, export bills in Calcutta and Rangoon lending a fair support to the market. But as the month advanced a heavy demand for bullion import developed and a large amount of business on this account was placed. There were not sufficient bills to neutralise the effect on the market and to sustain the rate ; T. T. fell to 1*s.* 4*d.* in the second week and during the rest of the month was subject to irregular movements varying from 1*s.* $4\frac{1}{32}$*d.* to 1*s.* $4\frac{1}{8}$*d.* Towards the close of March a Government communique announced that there would be no more sales of Council bills until further notice.

During April the market was generally steady and the rate for T. T. gradually improved, 1*s.* $4\frac{1}{8}$*d.* being reached about the middle of the month with 1*s.* $4\frac{3}{16}$*d.* at the close. There

Increased export activity.

were large stocks of precious metals in the country at this period and the enquiry for bullion import was on a smaller scale, while on the other hand wheat and seed bills were in good supply in the market. The issue of the trade figures for March showed that the balance was in favour of India to the extent of Rs. 7 crores, exports having touched the high figure of Rs. 32 crores. With the

wheat export season offering a favourable opportunity, some surprise was expressed that Government did not resume the sale of Council bills, and there was some apprehension in respect of the probable effect on exchange in subsequent months if Government further delayed the remittances due to the Secretary of State. At the beginning of May, however, the awaited announcement was at length made and the market welcomed the offer of Rs. 30 lakhs of Council bills for sale on May 8th.

New system of Govt. remittances.

About this period the Finance Member inaugurated a new system of purchases of sterling for remittances in the open market. By this new arrangement at each occasion of a rise in exchange above the rate of Council bill allotments, purchases of sterling at the enhanced rates of exchange to the extent of some £ 500,000 were made through the Imperial Bank both in Bombay and Calcutta, more or less evenly distributed between these two centres. The effect of this system has been to graduate fluctuations in the exchange market to the great advantage of the export and import trade of the country.

With the exception of a temporary unsettlement early in the month owing to the closing of the doors of the Alliance Bank of Simla, Limited, exchange was steady during May with little fluctuation in rates; the forward market was neglected and the small volume of business that passed was mainly done on a cash basis. The sales of Council bills were continued through the month and had a quietening effect on the market, trading requirements being sufficient to absorb readily the amount offered. At the first resumed sale, tenders for immediate transfers were accepted at 1*s.* $4\frac{3}{16}d.$, those for bills being accepted at 1*s.* $4\frac{1}{8}d.$ There was little variation in the rates throughout the month, deferreds being generally accepted at about 1*s.* $4\frac{1}{16}d.$

Sharp fall in dollar quotation.

A notable feature in the foreign exchange market at this period was the fall in American exchange on London. From a steady level of \$ 4·70 during the first part of March, the quotation had eased towards the close of that month and by the middle of April had fallen to \$ 4·65. There was then a sharp drop to the neighbourhood of \$ 4·63 and early in May there set in a rapid decline until \$ $4 \cdot 60\frac{3}{4}$ was touched on the 10th of that month. The fall was ascribed as mainly due to British purchases of securities in New York, and to the sales by America of British securities in the conditions then ruling in the London and New York money markets. There was also an accumulation of funds in New York by the British Government that influenced the situation. But a partial recovery to a level of quotations between \$ 4·62 and 4·63 followed. The Continental exchanges generally had shown no marked fluctuations during the same period, with the exception of the German mark which by the end of May had completely gone to pieces and depreciated to three hundred thousand to the pound sterling.

A steady market.

With the returns of India's overseas trade showing a balance in favour of India month by month, exchange was steady with no marked fluctuations during June and July. Remittances from London to India representing the proceeds of Industrial and Corporation loans floated by India in that market assisted with a steadying tendency, and while there was a continued, if small, showing of export bills the enquiry for bullion remittances was not strong. The rate for T. T. was generally in the neighbourhood of 1*s.* $4\frac{1}{8}d.$ until the end of July when, with fewer bills showing, there was a drop to 1*s.* $4\frac{1}{32}d.$

American exchange on London had further weakened. During June the dollar quotation had fallen below 4·61, and in the first week in July dropped to as low as 4·55⅜. Financial difficulties were reported from New York, with a consequent withdrawal of funds by American banks in the London market. But the raising of the rate of the Bank of England to 4 per cent. at this juncture had a salutary effect on the dollar quotation which rapidly reacted and by the middle of July was quoted up to about $ 4·59. There followed a temporary period of notable steadiness but the disturbed political situation in Europe caused a further decline early in August and the quotation dropped again to $ 4·56⅞, receding below $ 4·55 before the close of that month. The reparation exchanges had also declined, Paris francs touching 78·70, Belgian francs 95·60 and Italian liras 108. The German mark at the end of July had sunk to the meaningless quotation of 50 lakhs to the pound sterling.

Recovery of cross-rate.

Council bills were now continuously on offer each week, the sales being effected at 1*s.* 4 1/16*d.* to 1*s.* 4⅛*d.* for bills, 1*s.* 4 3/32*d.* to 1*s.* 4⅛*d.* for deferreds and 1*s.* 4 3/32*d.* to 1*s.* 4 5/32*d.* for immediates. But on several occasions no allotments were made for tenders received, Government seeming to hold out for a minimum of 1*s.* 4 1/16*d.* for immediates. In the second week of August tenders for bills and immediates were rejected, but tenders for deferreds at 1*s.* 4 1/32*d.* were accepted. No Council bills were sold in the following week and subsequent to this on more than one occasion tenders were rejected when made at rates below 1*s.* 4 1/16*d.*

Council bills.

During August the steadiness in exchange was maintained throughout the month, except for a temporary reaction in the third week when the rate for T. T. dropped to 1*s.* 3 29/32*d.* the only occasion during the year on which the rate fell below 1*s.* 4*d.* Export bills were then few and with an improved inquiry for bullion remittances the market sagged. Towards the close of the month, however, renewed selling pressure from export houses led to a recovery, and at the opening of September the rate had returned to 1*s.* 4 1/32*d.* The news of the Japanese earthquake disaster caused a temporary flutter in the market and a relapse in the rates, but with reassuring news coming in and a continued showing of exports bills both in Bombay and Calcutta, sellers were again numerous in the market and the rate rose to 1*s.* 4⅛*d.* by the middle of September. In the latter part of this month a strong demand for Indian cotton set in from Europe and there was an increased showing of export bills mainly for forward delivery. Bullion merchants at this stage were waiting for higher rates. In the third week of the month the rate for T. T. had improved to as high a rate as 1*s.* 4 3/32*d.*, but as the showing of bills soon fell off and the enquiry for bullion import revived the quotation again receded by the close of the month to 1*s.* 4 3/16*d.*

Lowest point of the year.

During October firmer conditions ruled. There was a good supply of jute bills from Calcutta and a considerable forward selling of T. T. in Bombay, in anticipation of large cotton exports. Bullion dealers did little business and it was clear that the cover provided by the Secretary of State in the sale of Council bills and daily purchases in the market afforded much assistance in the difficult situation. The rate for T. T. advanced from 1*s.* 4¼*d.* to 1*s.* 4 5/32*d.* during the course of the month. The fall in dollar exchange was uninterrupted, the quotation rapidly receding until towards the end of October it touched 4·48 and early in November was quoted at 4·46.

Firmer conditions.

Continued disturbing news of the political situation in Europe in the closing months of the year, and a strong showing of exports in New York operated towards a further weakening in the American cross-rate, and during November, partly as the result of the American Government holding aloof from participation in any European financial adjustments, with a consequent flow of remittances from the Continent to New York *via* London, the decline was rapid. Remittances by the British Government for interest charges were also a not inconsiderable factor in the situation. From the quotation of $ 4·48 early in the month $ 4·28½ had been touched by the middle of November. Irregular movements ollowed with sharp reactions and towards the end of November fluctuations were rapid, 4·39¼ being touched in the third week. With a general election in England and other disturbing factors in operation during the closing months of the year, there were continued sharp fluctuations from day to day, the comparative firmness round $ 4·39 early in December giving way to quotations as low as $ 4·33 at the close of the year.

Decline of American cross-rate.

Throughout November the sterling exchange market was firm and rates underwent a gradual advance. Export bills, mainly on account of cotton, were abundant in the Bombay market and despite a temporary interruption to forward dealings on the cotton market towards the end of the month, which for a time reduced the supply of export bills, the rate for T. T. which had reached 1 . 4 3/32 *d.* by the middle of the month, over-topped 1*s.* 5*d.* before November was out. Early in the month Government had refused to sell Council bills at 1*s.* 4 3/32 *d.*, and in the second week Rs. one crore of these bills were sold at 1*s.* 4 7/8 *d.* to 1*s.* 4 29/32 *d.* After a considerable interval, the Government of India now came into the market again to offer Treasury bills, the average rates of accepted tenders being from Rs. 97-10-5 to Rs. 97-10-0 for the six months period.

Abundance of cotton bills.

During the month an announcement was made by the Controller of Currency of the transfer of £ 2,000,000 gold from the Paper Currency Reserve against a corresponding transfer to that reserve of sterling securities. The communique in respect of the transfer ran as follows :—"The transfer has been made in connection with the proposed sale of this quantity of gold. The gold will not be shipped abroad but will be sold in London against sterling payments for delivery in India from the mints at Calcutta and Bombay, the amounts offered for sale weekly being regulated according to market conditions. The percentage of the metallic holding in the Paper Currency Reserve on the 31st October was 68·21, the amount of the silver holding alone being Rs. 99 crores. This strong position, combined with the existing premium of gold, renders it advantageous to convert a small portion of the surplus metallic holding into interest bearing securities. The gold can be replaced at a profit as sterling approaches parity with gold and a convenient opportunity for reversing the transaction arises."

Sale of gold by Government.

The announcement was on the whole well received. It was realised that as a business proposition the transaction was attractive, the object of the operation as explained in the communique being clearly to the advantage of Government and the method adopted being of a nature calculated to obviate any disturbance in the exchange market. The amount was sufficiently small for its effect on exchange to be practically negligible, and while public opinion would have been opposed to the shipping of any portion of the gold out of India there could be no objection to sales in London against sterling payments at a time when remittances to London could

Announcement well received.

be made at a favourable rate of exchange. The convertability of the note issue was fully assured with Rs. 99 crores in silver coin and bullion and Rs. 22½ crores in gold against the total note circulation of Rs. 181 crores.

But while the attractive nature of the proposition was fully realised, there were some misgivings in financial circles in Bombay. It was felt that the contention that the gold could be replaced at a profit as sterling approaches parity with gold necessarily involves a certain amount of risk seeing that the convenient opportunity sought must be dependent upon fluctuations in the dollar exchange. The dollar quotation has been for long exceedingly capricious, and it would be foolish to attempt to predict how soon, or after how great a length of time, it will return to par. Large transfers would therefore seem imprudent, and at the time of the announcement the risk involved was deprecated. Subsequent events have justified this view.

The risk involved.

In the closing months of the year, with the balance of trade having swung in favour of India, exchange was a generally firm market, the rate for T. T. on London being maintained at 1*s.* 5*d.* or higher, subject to some temporary reactions which were not carried lower than 1*s.* $4\frac{29}{32}d.$ At the opening of December 1*s.* $5\frac{7}{32}d.$ was quoted, the highest point reached during the year, and this level was maintained until the end of the first week of the month when a fall in cotton prices temporarily discouraged export business. Bullion importers at this stage had become more active. But with a resumption of the upward march in cotton prices bills were again showing in strength in Bombay, while from Calcutta also there was a good enquiry. By the middle of the month the rate for T. T. was steady at 1*s.* 5*d.* Early in the month Rs. 150 lakhs of Council bills were on offer and were sold to the extent of Rs. 26 lakhs at 1*s.* $5\frac{7}{32}d.$ for deferreds and Rs. one lakh at 1*s.* $5\frac{1}{4}d.$ for immediates. During the next two weeks Rs. one crore were again on offer but on each occasion no allotments were made, Government appearing unwilling to accept tenders which did not exceed 1*s.* $5\frac{1}{32}d.$ In the closing week of the year exchange was firm, mainly as the result of the cash position. The rate for T. T. on London was quoted again at 1*s.* $5\frac{7}{32}d.$, with business done as high as 1*s.* $5\frac{9}{32}d.$ for cash, the forward rates being about $\frac{1}{16}d.$ to $\frac{3}{32}d.$ lower than the ready rate.

A firm finish.

A notable incident in the closing weeks of the year was the clear exposition of the Government of India's exchange policy given by Sir Basil Blackett at the meeting of the Associated Chambers of Commerce in Bombay, the main points of which may here be briefly noted. The Finance Member reiterated the assurance that Government has no intention of tampering with the exchange market in order to make the 2 shilling rate effective. While it is the policy of Government to attempt stabilisation at 1*s.* 4*d.* at a convenient and advantageous opportunity, there is no intention to force this when conditions do not seem to render any such action advisable. The speech, in fact, provided a complete answer to those who had for some time been pressing for immediate stabilisation at 1*s.* 4*d.* gold. The Finance Member pointed out that any attempt of this nature, having regard to the fluctuations in the dollar exchange and the absence of a free gold market in London, would not have proved advantageous but would, on the other hand, have occasioned wider fluctuations than those which exchange had exhibited during recent months. In respect of the policy being pursued he made it clear that the goal is towards the attainment of a gold standard.

Exchange policy of Government.

GOLD.

On January the 2nd, the first working day of the year 1923, the quotation for ready gold in the Bombay market was Rs. 26-4-6 and for the February Settlement Rs. 25-6-0. During the closing months of 1922, a strong influx of gold into India bought in a falling London market had led to a heavy accumulation of stocks and prices had progressively declined in the absence of a strong off-take in the market. During December of that year strength in the American cross rate and a fall of the price of the metal in London as low as 88*s.* 5*d.* had depressed the rate for cash in the Bombay market to Rs. 25-6-0, but at this low level there was a resumption of buying activity, and with a recovery in the London price our market had advanced to Rs. 26 by the close of the year.

A steady opening.

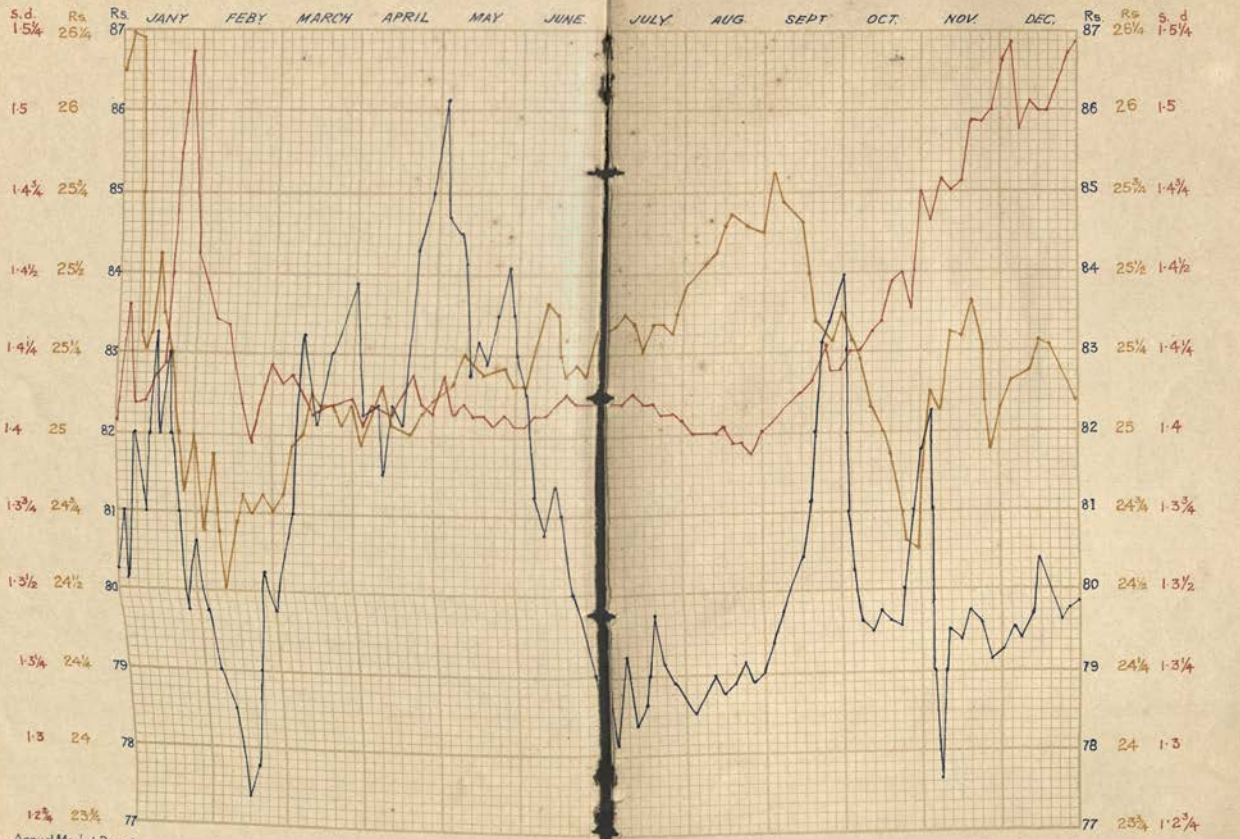
At the opening of January 1923 stocks in the market were light and did not exceed 100,000 tolas. The upcountry demand for gold due to the marriage season was strong, and during the first week of the month the price for cash advanced to Rs. 26-6-0. There was then a resumption of the heavy import of gold into this country South African gold, and indeed all the gold offering in London, was diverted to India in response to the heavy buying pressure. Some £ 2½ millions gold was afloat bound for India and this may well be regarded as a record shipment. Stocks in the market rapidly increased to some 3,50,000 tolas and prices eased by about 2 annas per tola, but upcountry consumers showed a capacity to absorb the remarkable influx of gold, and by the 16th of the month, although the price in London was below 89*s.*, the highest price of the year was touched in Bombay with Rs. 26-14-6 per tola for cash, the ready price being at a premium of more than Re. 1 over the forward rates. The demand continued strong but with firmer sterling exchange the rates gradually eased and the price for cash had fallen to Rs. 25 at the close of the month.

Highest price of the year.

February was notable for a huge treasure import which aggregated for the month over Rs. 7 crores in bar gold and coin. With the exception of the total reached in April, this was a far greater import of gold than that acquired in any other month of the year. Much gold about this time was arriving from New York and the shipments of the yellow metal during the early months of the year far exceeded the shipments of silver. Not only did the marriage season assist in the absorption of the heavy arrivals but the proceeds of a bumper cotton crop were also being converted into gold bullion. The price for cash during February was throughout the month below Rs. 25 except on the 1st and 20th, and fluctuated with the quotations of sterling exchange and in sympathy with the London market. That market had grown easier as the dollar quotation advanced from $. 4.65 at the beginning to above $. 4.70 at the close of the month. The lowest quotation for cash during the first half of the year was touched in our market on the 12th February with Rs. 24-9-0. Stocks at the close of February were estimated at as high a figure as 400,000 tolas but the off-take had amounted to about 50,000 tolas a day through most of the month.

Heavy influx of gold.

CHART SHOWING FLUCTUATIONS of APPROXIMATE RATES in GOLD (Yellow) SILVER (Blue) & EXCHANGE (Red) IN 1923



Annual Market Report

Premchand Roychand & Sons.

During February and March India continued to buy strongly in London and heavy arrivals were due to come in for the March settlement. Stocks in the Bombay market had reached 500,000 tolas during the early part of March, but, with an off-take averaging 70,000 tolas daily, prices steadied and the level of Rs. 25 was touched and passed. Upcountry consumers were rapidly absorbing the arrivals, and despite the strength of the recent buying in London that during several successive weeks had amounted to some £ 800,000 gold, the off-take in our market which did not fall below a daily average of some 50,000 tolas reduced the stocks to two lakhs tolas. Fluctuations in the London market were of a less sharp nature during April and the price for cash in our market steadied in the neighbourhood of Rs. 25 with the forward position quoted at small variations from this level. There was a diminishing absorption of gold during the month and stocks gradually rose in the market until they touched the highest figure of the year with 800,000 tolas. But with the price of the metal in London improving, rates in our market were well maintained.

Strong off-take.

During the next three months the volume of business transacted was on a diminishing scale and the market was comparatively dull. Heavy stocks were available for the May settlement, imports of gold during April aggregating over £ 4½ million in bar and coin, the highest total for any month during the year. These large accumulations of the metal tended to depress the rates but the easier tendency in sterling exchange at the lower level of 1*s.* $4\frac{1}{16}d.$ supported the market. Arrivals were less heavy in May, but although the average daily off-take receded from 30,000 tolas in May, to 25,000 tolas in June, and stocks were gradually reduced till they did not exceed some 300,000 tolas, it yet became clear that recent purchases were more than were required to meet present requirements. In June, however, the price for cash advanced to as high as Rs. 25-6-3 in the second week.

Record imports.

With the beginning of July, London was an improving market, the American cross rate having receded and touched $\$ 4.55\frac{3}{8}$ in the first week. Our market followed London, stocks were light and although the volume of business passing was now small the rate for cash did not fall below Rs. 25-5-0 throughout the month but gradually improved to Rs. 25-7-0 at the close. Despite the fact that stocks in the market were piling up again and had reached 400,000 tolas by the end of the month, the visible supply from London was sufficiently small to neutralise the effect in the market. About this period it was announced from London that the obligations on the part of South African producers of gold to ship gold to London for refining purposes, would be withdrawn from August the first. The resulting advantage for the Bombay market of the removal of this obligation would be an encouragement of direct shipment of commercial bar gold from South Africa to India whenever circumstances should permit, such shipments necessarily causing a certain saving in freight and interest charges.

Heavy stocks.

During August with the price of the metal in London advancing and quoted above the 90*s.* level, and with a further weakening in sterling exchange which had temporarily fallen below 1*s.* 4*d.* towards the close of the month, prices in our market showed a progressive improvement until Rs. 25-13-0 was touched on the 21st of the month. The visible supply from London in the first few weeks of the month scarcely exceeded the low level of £ 400,000. With the consequent firming up of prices there was a renewed activity in the market and the volume of business passing was again

Advancing prices.

large. Towards the end of the month, however, abundant supplies of the metal were again on the water and in spite of the steadiness of the London market the price for cash eased to Rs. 25-10-0.

South African gold.

At this juncture a message from South Africa reported that the first consignment of Rand gold to the value of £ 25,000 had left Durban for Bombay. But it subsequently appeared that the gold was to be sold in London by the agents of the South African mines through London bullion brokers as hitherto who would fix the price according to market conditions there. Thus while gold was to be shipped direct to Bombay from South Africa instead of *via* London whenever practicable, the financial arrangements were to continue to be made in London.

An irregular market.

Early in September the London market was still strong and the price was advancing to about 91*s*. The progressive advance in our rates was continued until Rs. 25-13-6 for cash was reached on the 16th of the month. At this level of rates buyers were not attracted seeing that more gold was arriving from London while the upcountry demand had tailed off and the daily off-take in the Bombay market had fallen to 10,000 tolas. Sterling exchange, moreover, was firming up, and the American cross rate after having fallen to $ 4.52 in the first week of the month topped $ 4.56 in the last week, the price of the metal in London easing to 90*s*. 2*d*. By the end of the month the rate for cash in our market had receded to Rs. 25-5-0.

Lowest price of the year.

During October, with sterling exchange gradually firming up and with a progressive lightening of the demand from upcountry, the market weakened and the rate for cash gradually gave way from Rs. 25-5-0 until Rs. 24-8-6, the lowest quotation of the year, was touched on the 28th of October in spite of a gradual advance in the price on the London market which in the last week of October reached and passed 92*s*. Such support as the market received from time to time was due more to speculative prchases than to any revival of upcountry demand, the daily off-take in the market not exceeding 15,000 tolas and the stock increasing to about 600,000 tolas. Arrivals of gold by the end of October were falling off, and during the nine weeks covered by the two closing months of the year the total imports were less than at any other period. A steadying tendency was at length apparent in the first week of November. The London market was still advancing and the rate for cash in our market underwent a gradual improvement, due rather to the technical position than to any quickened off-take, until Rs. 25-8-0 was touched in the third week of the month. The metal was then being quoted in London at 95*s*. and even as high as 96*s*. 11*d*. on the 20th of the month, the American cross rate having declined until it was quoted down to $ 4.33.

Government sale of gold.

A short but temporary fall in prices about the middle of November was occasioned by the Government of India's announcement of an intended sale of gold. But as soon as the conditions of the sale were known, and it was realised that the £ 2,000,000 gold from the Paper Currency Reserve which was intended for sale against a corresponding transfer to the Reserve of sterling securities would be offered for sale weekly in amounts regulated according to market conditions, confidence was restored in the market. The amounts offered for sale would be too small to weigh on the market in comparison with the heavy weekly imports. Government stated

that the gold would not be shipped abroad but would be sold in London against sterling payments for delivery in India from the mints in Calcutta and Bombay, and while satisfaction was expressed at the decision not to ship the gold abroad, a considerable section of opinion among bullion merchants in Bombay felt that in the interests of the Indian bullion trade the sales ought to have been effected in India. A representation in this matter was sent to Government by the bullion merchants of Bombay, through the Bombay Bullion Exchange.

Seasonal demand.

In spite of the firmness maintained in the London market, seeing that sterling exchange was being quoted at the level of 1*s.* 5*d.* the price of gold for cash in Bombay had given way towards the end of November and during the early part of December was quoted below Rs. 25-2-0. Stocks in the market had risen to some 300,000 tolas and the off-take had fallen to some 12,000 tolas a day. But as December advanced a seasonal improvement in the up-country demand created renewed activity in the market. By the third week in the month the daily off-take was averaging about 30,000 tolas and the stock did not exceed 150,000 tolas, irrespective of the amounts delivered by Government from the mints in accordance with above mentioned special sales of gold. These sales had commenced in London during November and before the end of the year it was estimated that some £ 1½ million gold had been sold.

During the closing weeks of the year there were see-saw fluctuations in the prices recorded in our market between Rs. 25-5-0 and Rs. 25-2-0, and on the last working day the spot rate touched Rs. 25-5-0 with the first settlement quoted at Rs. 25-4-6 and the second settlement at Rs. 25-4-3.

Phenomenal import of gold.

Among the principal tendencies that have characterised the Bombay bullion market during the year 1923, the striking nature of the rapid growth of business in the yellow metal forms the most prominent feature. In the course of a few remarks passed in the annual review for the previous year attention was drawn to the increasing popularity that dealings in gold are gaining among India's peoples, even to the extent of a certain loss in the attraction of the silver metal. It was pointed out that the figures of more recent imports of gold are largely in advance of the average receipts during the pre-war years, and these conclusions are borne out by the interesting and valuable report on currency operations in 1922-23 prepared by Mr. H. Denning, I.C.S., Controller of Currency. In the past year the strength of the influx of gold into India increased. During the first five months of the year the volume of imports easily broke all previous records, and in the aggregate the arrivals during the first half of the year were not far short of the total receipts for the whole of the previous year. The consumption of the metal was continued, moreover, in a remarkably well sustained manner throughout the year, the imports, which arrived for the most part in Bombay, being despatched rapidly up-country to meet the insistent demand which made itself felt from almost all parts of India. In the sum total the imports for the year were considerably larger than the notable figure for the previous year, and with the exception of the years 1911-12, and the war years 1919-20 when Government imports were very large, were far in excess of anything approached for a quarter of a century.

The explanation for the phenomenal increase of imports during the past two years and the largely increased speculative interest in the metal that is now general throughout India, is mainly traceable to three important governing causes. In the first instance there is the agricultural prosperity resultant from two successive monsoons of a generally favourable nature and the consequently increased buying power of India's millions who have received good prices for their produce in the world's markets. Then there is the attractive influence of the comparative cheapness of gold in the London market during the past two years which has encouraged speculative dealings in the more valuable metal, and finally there is the effect of this comparative lowness of the price in increasing its popularity for hoarding purposes. The Indian is a born bullionist. It is a well-known fact that men up-country throughout the length and breadth of India generally prefer to pin their faith on the possession of bullion rather than to place their savings with the banks, and with gold cheap it is bought freely either for hoarding or for selling again on a rise in the market.

Growing popularity of the metal.

Although the import of gold in the next year may be expected to be on a continued heavy scale, it is probably unlikely that there will be again witnessed such a huge and rapid absorption as took place during February and April of the past year. With the dollar quotation at a lower level and the price of the metal in London advanced, the buying of gold for India may be spread more evenly over the months of next year. But there is no reason to look for any definite falling off in the demand or any slackening of interest. With a progressive increase in the purchasing power of the country and the growing preference for gold as against silver, the interest shown in the more expensive metal will not flag and the Bombay gold market will continue to grow in importance. This market may now safely claim a prominent position among the largest gold markets of the world, and a progressive increase in the volume of its business is assured. Attention has been drawn elsewhere in this review to the formation of the Bombay Bullion Exchange during the year in recognition of the growing importance of Bombay's trade in the precious metals.

Importance of the Bombay market.

These short notes regarding the Bombay gold market would remain incomplete without reference to a disability under which the bullion merchants work and which they are earnestly anxious to see removed. The facilities offered by His Majesty's Mint are of exceptional importance to the market. Gold tendered by the merchants is refined in the refinery of the Mint at a moderate charge and the services are quickly rendered. As remarked in these notes last year, it is impossible to exaggerate the importance to merchants of receiving gold bullion readily in return for sovereigns tendered. But as yet there are no facilities for reversing the operation. Bullion merchants in Bombay would be extremely grateful to Government if arrangements were made whereby they would be supplied with sovereigns in return for tenders of gold bullion. It is to be hoped that the new Bullion Exchange will succeed in obtaining this service from His Majesty's Mint.

The Bombay Mint.

SILVER.

During the closing months of the year 1922 there had been a strong movement of silver to India, the total imports for December being heavier than in any other month during that year, but at the opening of the year 1923 the pressure of bazaar orders for prompt delivery of the metal formed the main support of the London market and imparted a firm tone to the cash price in that market. China and the Continent were the main contributors of the supply, and India was a strong buyer. Thus although the governing tendency of prices in the Bombay market towards the close of the year 1922 had been a move towards weakness, and the ready rate had fallen in the last month to the lowest point of that year with Rs. 79-3-0, the turn of year saw a notable reaction in sympathy with a rising London market.

Heavy imports.

On January the 2nd, the first working day of 1923, bar silver in the Bombay market was quoted at Rs. 81-12-0 for cash, the quotation being at a considerable premium over the rates for the January and February settlement which were quoted at Rs. 80-15-0 and Rs. 80-9-0 respectively. Stocks in the market were light at the beginning of the month and were estimated at not more than 700 bars, the up-country off-take averaging about 200 bars a day. Prices showed a strengthening tendency and Rs. 82-12-0 for ready was quoted at the end of the first week. Heavy arrivals then began to come in and the stocks were rapidly augmented to some 2,500 bars. There was considerable speculative activity in the market mainly as the result of the variable news arriving from Near East where the political situation was disturbed, and prices fluctuated sharply during the second week. The off-take in the market, however, was well sustained and with prices in the London market again advancing, and China exchange improving, Rs. 84 per 100 tolas was reached in the third week of the month. But at the close of January a progressive decline in prices set in.

Opening strength.

India's support in the London market was now weakening and there was less evidence of a readiness to absorb further supplies. India had indeed drawn some 4,000,000 sterling worth of silver during the course of two months from London, China and America, and latterly purchases had been rather of a speculative nature than to meet any strong trade demand. China Banks at this period were negotiating heavy sales both in London and India, and with prices in the former market receding to below 31*d.*, our market early in February gave way to Rs. 79 on the eve of the February settlement, the rates for cash at this settlement being quoted at more than Re. 1 premium over the price for the March settlement. Following weaker advices from China where the market was closed for the Chinese New Year during the third week of the month rates in our market sagged and fell as low as Rs. 78, the lowest level as yet reached during the year. The imports of silver, moreover, during this month reached by far the highest total of any month in the year aggregating 13,625 bars. The off-take, however, was well maintained at about 400 bars daily during the closing week of the month and the stock did not exceed some 4,000 bars.

Fall to lowest price of the year.

Before February was out a reaction had set in and the price for cash had returned to Rs. 80-11-0 mainly as the result of the excellence of the up-country demand and the firmness which developed in the Shanghai market. Another factor which doubtlessly contributed to the strength of the off-take in the market lay in the rumours of the imposition of a duty on silver which annually crop up at the time of the introduction of the Indian budget. On the announcement of the budget proposals early in March, the absence of any such tax was received with satisfaction. Although early in March stocks in the market exceeded 5,000 bars, the advance in prices was continued with only temporary reactions due to profit-taking or momentary ease in the Shanghai market, until in the second week Rs. 83-14-0 for cash was touched. Profit-taking and easier advices from China reacted on the market during the second half of the month but with arrivals less heavy and stocks not exceeding 3,500 bars, and with China Banks buying in our market, the price for cash was again steady at about Rs. 83-8-0 at the close of the month, there being now little variation between the ready and forward rates. The London market, moreover, had firmed up and during the month advanced to 32⅞*d.*, the highest quotation touched since the last week of January.

A notable recovery.

During April, with a lessened demand from up-country and with smaller arrivals from London than during any other month of the year, business was not brisk and prices in our market during the early weeks of the month moved in sympathy with advices received from London and China. In the latter part of the month a strong speculative activity developed, and a bull syndicate controlling the situation forced the rates up until the price for cash, from Rs. 83 about the middle of the month, had advanced to Rs. 87 at the close, and was at a premium of Rs. 2 over the May settlement and more than Rs. 3 over the June settlement. Stocks, which were not heavy in the early part of the month, were rapidly bought up until at the close of the month they did not exceed a few hundred bars and were lower than at any other period during the year. Early in May, however, after the temporary influence on the market of the closure of the Alliance Bank of Simla, Limited, had passed, the technical position created by the bull syndicate had been already relieved, and as easier advices were received from the London and Shanghai markets a reaction set in. A large amount of budlee business was effected during the first week of the month at above Rs. 2 per 100 tolas. After the heavy unloading by bull speculators rates sharply declined during the second week, and the price for cash receded to Rs. 84. But stocks were light and the up-country off-take was sufficiently satisfactory to steady prices which generally followed the London and Shanghai markets.

Prices rapidly forced up.

In the course of May advices from America had reported considerable discussion as to what would be the effect on the domestic price of silver when the United States Government purchases of one dollar an ounce under the Pittman Act would come to an end on or about July the first. It was generally felt that the tendency would be towards the depression of the price to the level of the "Foreign Market," but that this effect would be mitigated by certain important factors. The chief of these lay in the expectation that the influence to be looked for from Europe in the not distant future would be from purchases rather than sales, while China and also India, with an improved trade position, were expected to re-enter the market. At the close of the month, and more particularly on the last day when the announcement of the suspension of silver purchases under the

Suspension of U.S. silver purchases.

Pittman Act was made known, a sharp fall in prices took place and the rate for cash was quoted down to Rs. 83. This fall was continued during the first two weeks of June in sympathy with the general tendency of the London and Shanghai market, and was not arrested until the price for cash had been quoted below Rs. 81. At this point a temporary reaction set in. The up-country off-take had improved and buying orders were being placed in the London market. The price for cash was quoted up to Rs. 82-13-0 by the middle of the month. The re-action, however, was short lived, up-country demand quickly fell off on account of the lateness of the monsoon, and with India and China selling in London, prices in that market were on the downward grade towards the end of June, weaker advices also came in from China, and the price for cash in our market had fallen below Rs. 80 by the close of the month, this rate being at a premium of Re. 1 over the August settlement.

During the next two months prices ruled at a generally lower level corresponding to those which had governed the market during February. In the second week of July there was a considerable volume of business passing. Early in the week a report emanated from American sources *via* Shanghai of the formation in New York of an Association for the export of silver, and this report led to a temporary firming up of rates due to bears covering sales. But when it became apparent that no early developments at least were probable, if indeed anything was to come of the suggestion the rates gave way both in the London and Bombay markets. Later in the month speculative buying for the near position developed. There had arisen in the market a considerable disturbance due to a trade dispute between bulls and bears which had at one time threatened to develop into a corner. As a result the rate for the near settlement was pushed up by a rupee and the market was temporarily closed, the price for cash having touched Rs. 80/5. Within a couple of days, however, the dispute was settled by arbitration to the satisfaction of all concerned and the market returned to normal conditions.

Lower level of prices.

Speculative buying.

At this period India was buying in London and there was a marked activity both in that market and in the Bombay market, this activity being mainly of a speculative nature. Stocks in the market were increasing and were computed at some 1,700 bars in the closing weeks of the month. Following the unloading by the bulls of their commitments for the near delivery, and with the narrowing of premium for cash as against the second settlement from Re. 1 to As. 4 a lower level of rates then ruled in the market, and at the close of the month the price for cash was quoted down to Rs. 79. During August in contrast to the frequent price fluctuations during preceding months there was comparatively little movement in the market. Arrivals from London during the month were heavier than had been the case since February and stocks in the market increased until they reached 3,000 bars towards the close of the month, the daily off-take lessening until it did not exceed 100 bars a day.

During the month shipments were made direct from New York to India. Further details were received of the meeting of silver producers in United States of America which was fixed for early September and aimed at the formation of an export association. The scheme was apparently designed to bring together all the producers of North and South America and constituted an ambitious scheme of control of some 90 per cent. of the world's out-put of silver. Consumers both in India and China were not likely to view with favour this proposal, as buyers could scarcely consider their

Proposed American Export Association.

interests as safe in the hands of a ring of producers. Bullion dealers in Bombay were necessarily more interested in lower than higher prices of the metal. It was not expected that the proposals would be carried far, for the sanction of the American Senate would be required before it could be consumated. The idea that it is possible to do without the London market might well be scouted in view of the facilities afforded to India and China in that market. It was recognised that such facilities are quite unobtainable in the American market.

Strong speculative activity.

September saw a revival of activity. With an improvement in the Shanghai market exercising a stimulating effect, and with a considerable buying pressure in the Bombay market, price for cash which had fallen to Rs. 79 at the close of August touched Rs. 80 in the first week of September. The activity, however, was mainly of a speculative nature, bull operators buying freely but mainly against double option sales. As the month advanced there was no diminution in this speculative activity and prices underwent sharp fluctuations with a general tendency to an advance in the price of the metal, chiefly for near delivery, owing to the technical position of the bulls in the market. There was only a small demand from up-country but orders to London were on a large scale to meet the heavy demand which would develop for the October settlement. The price for cash towards the close of the month advanced as high as Rs. 83-12-0, this quotation being at a premium of Rs. 3 to Rs. 4 over the ~~first and~~ 30th October settlements respectively. It became clear in the closing week of September that the bull operators were engineering a corner, this being evidenced by the fact that sales of cut bars were effected at rates of Re. 1 below the rates for whole bars. Stocks in the market available for supply at the first of October settlement were estimated between 6,000 and 7,000 bars.

The October Corner.

During October the heavy speculative purchases effected by the bull operators in their attempt to corner the position for the 30th October not only dominated the situation in the Bombay market but also exerted a marked strengthening influence on the London market where the price rose by $\frac{7}{8}d.$ in one day and touched 32-$\frac{3}{8}d.$ Enormous dealings in options drew large shipments of silver from London and America, and the stocks in the market rapidly increased. There was considerable excitement, and at one time some nervousness, as it was thought difficulties might arise in financing the huge arrivals in Bombay and there might be forced resales of contracts for silver bought in London for shipment. But the operators of the corner proved sufficiently strong, and although with an easing price in the London market due to China selling, the ready rate in the first week of the month fell from Rs. 84 to Rs. 80, and even below Rs. 79 in the third week, there was a sharp recovery early in November when the cornering operations reached their culmination. Stocks towards the end of October had reached the record total of 10,000 bars, and with further arrivals pouring in some 16,000 bars to the value approximately of Rs. 3$\frac{3}{4}$ crores were tendered for the settlement and auction. A hitch occurred on the delivery date owing to the inability of the bulls, although financially strong, to take delivery within due time on November the 3rd. A compromise was effected, however, by which the bulls agreed to take delivery of all the silver tendered to them for cash delivery, the rate for unfulfilled contracts being settled at Rs. 81-8-0, this being the rate at which the last auction took place. At the time of the settlement the ready price stood at a premium of Rs. 3 to Rs. 4 over the forward rates.

Full delivery of the tenders was taken by the bull party but subsequently they completely unloaded their stocks at rates varying between Rs. 77 and Rs. 78. Immediately on the culmination of the corner there was a temporary fall in prices in the market to Rs. 78-2-0, this being the lowest point touched since the drop recorded in July. But with the dispersion of the stocks among small holders the market took a healthier turn, and the ready price was steady in the region of Rs. 79 in the latter part of the month. The position was relieved in a remarkable manner not only by the strength of the demand from up-country but by the providential appearance of China as a keen buyer of silver at this juncture ; so that although arrivals were extremely heavy during November, and with the exception of the receipts in February as great as at any other period of the year, the stocks in the market did not mount up and at the close of the month did not exceed some 8,000 bars as compared with the 10,000 bars in the closing weeks of the previous month. The bulk of the silver shipped from London for the November settlement was sent to China, and in addition to this there were also large shipments direct from Bombay to that market.

China a strong buyer.

During December fluctuations in prices were confined within narrow limits, and the market was generally steady but business was on a restricted scale. With a further weakening in American exchange during the closing weeks of the year London was a strengthening market, but during most of December the Bombay market followed the movements in China exchange, and the prices for cash from Rs. 80-8-0 in the middle of the month had weakened to Rs. 79-3-0 in the third week. At the close of the year, however, there was some revival in business but with steadier advices from London and China the off-take again improved and prices steadied, the closing quotations of the year being Rs. 79-14-0 for ready, Rs. 79-11-0 for the first settlement and Rs. 80-2-0 for the second settlement.

Quiet market at the close.

The governing characteristic of the past year in the Bombay silver market, if we except the occasions when prices were artificially forced up by strong speculative activity, has been the comparative steadiness of prices at a lower level as compared with the previous year. In London there was a return to normal market fluctuations ; the range of prices was small with a maximum variation of only $3\frac{3}{16}d.$ as compared with $7d.$ of the previous year and greater variations in the other post-war years. Following the lower level of prices in London the average monthly rates in the Bombay market during the year, with the exception of the last two months, have been Rs. 10 per 100 tolas lower than those recorded in the previous year. At the close of the year there was not much variation in the level of prices as compared with those ruling at the close of the previous year.

The return to normal markets.

India and China have as usual been the dominating factor in the London silver market. The Continent is still selling silver and until some radical improvement in international finance has been effected, of which there are few evidences at present, the buying of silver from these sources cannot be resumed. As a result of the reduction in fineness of the subsidiary silver coinage from 925 to 500, the British Government in addition to the other Governments on the Continent of Europe continues its sales of silver. India and China therefore remain the only buyers in the market of any considerable importance. In any case it will be admitted that the power of these

Buying power of India and China.

two countries to absorb silver bullion is in importance out of all proportion to the fluctuations in supply and demand of the metal for coinage in other countries. In view of these considerations it can be readily understood that the suggestion for an association of producers in the United States with the intention of controlling, or as it is claimed stabilising, the prices of silver is not viewed favourably by Indian consumers of the metal.

This suggestion, which took the form of a Silver Export Association, arose out of the cessation of purchases under the Pittman Act. The completion of purchases of silver by the United States Treasury under the Pittman Act came somewhat earlier than had been anticipated, and although this had been largely discounted in the market the event was one of the prominent features of the year. The rate of one doller per ounce had allowed a very handsome premium in favour of American producers and it became apparent that mining circles in the United States were much exercised over the matter. Requests were even made to the United States Government for assistance, it being assumed in some quarters that, with Government buying finished, large quantities of silver would be thrown on the open market and would seriously depress prices. It was mainly on this account that measures were suggested for the organisation of a silver export association. It is to be hoped that the scheme has been dropped, and this would, indeed, appear to be indicated by the fact that little has recently been heard of the project.

End of buying under Pittman Act.

While imports during the year both from London and New York show a considerable increase on the returns over the previous years a notable feature is the increased proportion of the imports from America. The figures for the year are 62,899,000 ounces from London and 36,700,000 ounces from New York. Amercian producers are showing a hightened interest in the Bombay silver market and there has been a greatly increased tendency on the part of the American miners to make direct consignments. The principal inducement for this step is the saving in freight as against shipments *via* London. The time occupied in transit, although important, is not the only consideration, the interest accruing from the loss of time being counterbalanced by the saving in freight. Steamship lines running between America and India are, moreover, now plying with more regularity. Should American producers give extended facilities to Indian buyers in the next year there would probably be a further considerable increase in direct consignments.

Direct consignments from America.

The formation of the Bombay Bullion Exchange during the year was referred to in the introductory paragraph of this review. There were necessarily great difficulties that had to be met and overcome, but the co-operation of the dealers in Bombay has ensured the success of the new organisation which aims at the promotion and regulation of the bullion trade of this country on sound and healthy lines. In view of the great disturbance to normal trading in the market created by excessive speculative activity during the year the Exchange has made a definite attempt to curb corners. An alteration has been effected in Rule 31 of the trading regulations and the maximum price of ready silver over the next settlement has been fixed at Rs. 3-8-0 per 100 tolas. The intention in thus fixing a maximum rate has been to encourage open and fair dealings by placing the market in full knowledge of the position. Excessive speculation is expected to be checked by the limiting of the margin on the auction date.

A measure to curb corners.

There remain for comment two matters of importance to bullion merchants to which reference was made in the review for last year. The perennial recurrence of rumours of an import duty again disturbed the market during the year and a protest must again be lodged against the yearly resurrection of this bug-bear. No duty on silver is imposed, so far as we know, in any other part of the world, and the suggestion for its imposition in India has been strongly condemned in authoritative reports. The year has again afforded ample evidence of the advisability and necessity for the Government of India's coming into the open with a declared policy in order to lay at rest for once and all any suggestions of an import duty on silver.

Import duty.

Finally, as regards His Majesty's Mint, while the mint offers facilities for the refining of gold it is not at present prepared to melt silver in any form and to manufacture bars for bullion merchants. This refining difficulty limits the sphere of the silver market in Bombay and deters China from taking that interest in the market which she would take were there facilities for converting her silver to the requisite fineness. If it be the case that the cost of installing a refining plant would not be great, and the services rendered could be made remunerative to Government, there would appear no reason why the bullion merchants' representations in this matter should be still overlooked.

Refining of silver.

STOCKS AND SHARES.

As in the previous year, business in the Bombay share market during 1923 was mainly dependent upon speculative activity. The investing public were unfortunately still shy of putting their money into industrial securities and cotton mill shares received very little support throughout the year from the genuine investor. Not only was there a lack of confidence on account of the wild speculative movements in the values of these shares during the previous year, due to a series of corners conducted on an unprecedented scale, but there was also the deterrent effect of a poor off-take of local yarn and cloth, an increasing accumulation of stocks of these goods at the mills, and a generally unpromising trading position. It was early realised that the poor demand for cloth and yarn was bound to react most unfavourably on the profits of the mills, and added to this difficulty there was the disadvantage of a rapid advance in the price of raw cotton during the closing months of the year.

But while the market had to look for its main support during the year to speculative activity, this was on a scale in no way comparable to that of the previous year and was only present in a notable degree during five months in the second half of the year. At the opening of the year, with reports from the yarn and cloth markets for a while of a fairly favourable nature the prices of cotton mill shares were generally steady. The first few weeks of the year saw fairly brisk business passing and prices appreciated some Rs. 30 to Rs. 50 in several of the forward shares. But during February with discouraging conditions apparent in the cloth and yarn markets the appreciation in values gained since the beginning of the year was lost, and towards the close of the month the majority of the cotton mill shares were quoted at prices somewhat below the levels of the beginning of the year. The downward march in values was continued during succeeding months. It became generally apparent that the mills had before them a difficult period. Bombay Dyeing shares which had fallen to below Rs. 1,000 in March from the quotation of about Rs. 1,300 in January had receded to below Rs. 800 by the end of May ; Kohinoor had lost Rs. 500 since February, Pearls Rs. 200, Swadeshi Rs. 500, New Greats Rs. 100, Central Indias Rs. 700 and Simplex Rs. 200 during the same period. There was some temporary reaction towards the end of April through speculative buying but this was not maintained, and even the reports of the favourable opening of the monsoon in June failed to enliven the market.

With July, however, there was a notable revival in speculative activity which continued with increasing strength during the next four months and set the principal cotton mill shares upon an upward march in values. There did not appear any justification for the artificial pushing up of prices, for reports from the cloth and yarn markets continued to be discouraging; and having regard to the fact that at the lower level of prices reached the investing public was beginning to show a revived interest in the market. It may be regretted that bull speculators during this period took up strongly certain groups of shares, among which the principal were those of the following mills :—Kohinoor, New Great and Bombay Dyeing. The Kohinoor shares had advanced to Rs. 1,750 by the end of August, New Greats touched Rs. 500 in the same month and were quoted at Rs. 560 in September, while Bombay Dyeing shares had risen from Rs. 800 to Rs. 900 in the

same period. Other shares such as those of the Swadeshi, Central India, Pearl and Shapurji mills responded to this influence, and although the actual rise in values was not in any way comparable to similar advances of the previous year it was yet notable from being effected in a falling market.

In August the Managing Committee of the Exchange fixed the maximum price of Kohinoor shares at Rs. 1,775 up to the auction date in September. This amounted to a declaration of a corner and created some excitement. Similarly in November the maximum price of New Great shares was fixed at Rs. 670, following a sharp rise in these shares during that month. In September the news of the Japanese disaster caused a sharp spurt in prices which was not maintained on receipt of later news. But capital was made out of the advance in the price of raw cotton which set in strongly from this month and which, it was claimed, would serve to improve rapidly the reduction of stocks of yarn and cloth in the mills. Genuine investors were little in evidence at this time and the somewhat improving conditions in those markets were shown to have been over-rated in the light of subsequent events. The strong speculative activity was carried into November when Bombay Dyeing shares touched Rs. 1,000, Kohinoor shares Rs. 1,700 and Swadeshi (the nominal value of shares of which mill had been reduced to from Rs. 500 to Rs. 100 in August) were carried to Rs. 550.

With December, however, a general weakening tendency was apparent in the market. The rapidity with which the price of raw-cotton had risen to a high figure and the realisation of the difficulties which this and the poor off-take of their products created for the mills led to much nervousness in the share market. Kohinoor shares fell sharply from Rs. 1,600 to Rs. 1,400, Bombay Dyeing fell to Rs. 800, New Greats almost to Rs. 500 and at the close of the year values were again receding to the level which had been touched in the first half of the year. The experiences of the bull cliques that engineered the artificial advance in prices during the period from July to November have not been happy. They found themselves saddled with the shares and in several cases had to get rid of them again in a falling market with heavy loss.

In the notes on the share market in last year's annual report reasons were given for the conclusion that the high prices recorded during that year were not likely to be touched again for a lengthened period, and it was predicted that the year 1923 would see prices of cotton mill shares on the downward grade. The speculative activity during the second half of the year formed only a temporary interruption to the general tendency of the market. At the close of the year it was only too evident that the prices obtainable for cloth and yarn were not keeping pace with the rise in cotton. The prices offered were not commensurate with profitable trading and having regard to the fact that market conditions in the absence of any strong demand made it impossible for the rates to be raised, it was clear that the position was decidedly unattractive for those mills that had not got fair stocks of cheap cotton. It would not perhaps be going too far to say that such profits as certain of the Bombay cotton mills may show for the past year and, as at present indicated for the coming season, will be negligible in comparison with those of recent years, and that except in the case of mills of long standing and with strong reserves losses rather than profits will be shown.

At the same time there is no reason to suppose that the depression will be of exceptionally long duration. It is well-known that stocks of cloth and yarn up-country are short and a turn of the tide may set in earlier than is generally expected. At the present juncture, therefore, when

the prices of the shares of first class and sound companies that have succeeded in paying dividend even in the most depressing conditions have fallen considerably below their intrinsic value, favourable opportunities for investors will appear. There are likely to be several attractive propositions in the market both as lock-up investments and as a hold for the subsequent recovery in prices that may not be so very long delayed after rock bottom has been reached.

In the miscellaneous section business was dull throughout the year. The shares of concerns started in the boom period had been practically unsaleable on the market, but at the same time certain of the older companies' shares that figure in the miscellaneous section, such as those of the Bombay Burma Trading Corporation, form attractive propositions at present prices. Deferred shares of the Tata Iron & Steel Co. have exhibited considerable fluctuations during the year, advances in the early months of the year being due to expectations of support from an import duty, and at the close stood at some Rs. 30 in advance of the quotations at the opening of the year. Cement shares were generally weak as the companies have found great difficulty in conducting business in the face of the competition of imported cement. It would not be surprising if these companies pooled their products, and with the solidarity that would arise from such a step there should be a better promise of profitable working in the coming year. Of new industrial enterprises during the year there have been none of any considerable nature. One effect of the lack of confidence on the part of the public in industrial stocks generally has been seen in the increasing popularity of gilt-edged securities which during the year enjoyed increasing public favour. A more detailed reference to these securities is to be found in the chapter in this review devoted to the money market, but even when money was tight Government securities showed no sign of loss in popularity.

An important feature of the year was the appointment of an Enquiry Committee to investigate the complaints made by the public in respect of the working of the Stock Exchange and the control exercised by the Managing Committee. It is regrettable that the appointment of this Enquiry Committee should have been rendered necessary. The majority of the brokers themselves have not denied that there was need for reforms and it would have been preferable if instead of asking for an official enquiry the Exchange had taken steps from within to initiate reforms and to regain the confidence of the investing public. The circumstances of the appointment of the committee, however, need not be now regretted, for the manner in which the enquiry was conducted left nothing to be desired. The Stock Exchange was indeed fortunate in that Sir Wilfrid Atlay of the London Stock Exchange presided over the work of the committee, and although in the first instance a protest was lodged against the selection of certain of the members of the committee, in the event the members one and all have shown themselves as equally careful of the interests of the brokers as they have been solicitous of the interests of the investing public.

It is not within the scope of these notes to discuss in detail the matters which came up for inquiry, seeing that the report has not yet been published, but the hope may be expressed that the more important recommendations of the Enquiry Committee, and more particularly those that promise a radical reform of existing abuses, will be adopted in the right spirit by the members of the Exchange. If this is done, and the reforms are loyally carried out and respected, there should dawn for the Bombay Stock Exchange a new era, of which not the least valuable asset will be the renewed confidence of the public in the management of the Exchange.

EXCHANGE VARIATIONS, 1923.

Highest and lowest market prices of Ready T.T. on London.

Month.	Highest.	Lowest.	Average.
January	1/5 3/16 (25th)	1/4 1/32 (8th & 9th)	1/4 19/32
February	1/4 13/32 (7th)	1/4 1/32 (21st)	1/4 7/32
March	1/4 3/16 (7th)	1/4 (14th)	1/4 3/32
April	1/4 3/16 (30th)	1/4 1/32 (3rd)	1/4 1/8
May	1/4 5/32 (1st, 2nd, 3rd)	1/4 1/32 (21st & 25th)	1/4 3/32
June	1/4 1/8 (16th, 18th, 27th)	1/4 1/16 (1st & 12th)	1/4 3/32
July	1/4 1/8 (10th & 12th)	1/4 1/32 (31st)	1/4 3/32
August	1/4 1/32 (1st, 2nd, 9th, 31st)	1/3 29/32 (24th)	1/3 31/32
September	1/4 9/32 (22nd)	1/4 1/32 (1st to 6th)	1/4 5/32
October	1/4 25/32 (27th & 29th)	1/4 3/16 (1st & 2nd)	1/4 1/2
November	1/5 5/32 (30th)	1/4 9/16 (5th)	1/4 7/8
December	1/5 7/32 (1st to 4th, 28th, 29th)	1/4 29/32 (8th)	1/5 1/16

TRADE.

Imports and exports of private merchandise in lakhs of rupees.

Month.	Imports.	Exports including re-exports.	Net balance of trade.
January	21,38	29,45	+ 94
February	19,37	31,60	- - 32
March	18,54	32,63	+ 7,06
April	21,10	30,68	+ 2,37
May	19,28	30,00	+ 7,27
June	17,98	29,89	+ 7,04
July	16,38	26,12	+ 5,48
August	16,96	23,42	+ 3,03
September	18,72	23,44	+ 1,99
October	20,60	25,55	— 64
November	21,09	27,63	+ 1,53
December	15,42	30,94	+ 12,27
Total ..	226,82	341,35	48,02

PRICE OF GOLD DURING 1923.

Month.	PRICE IN LONDON PER FINE OZ.		
	Highest.	Lowest.	Average.
	s. d.	s. d.	s. d.
January	90 0 (29th)	88 6 (11th)	89 3
February	88 8 (1st)	87 5 (21st)	88 0½
March	88 8 (13th to 16th)	87 8 (20th)	88 2
April	89 1 (27th)	88 0 (2nd)	88 6½
May	89 6 (10th)	88 9 (2nd)	89 1½
June	89 11 (29th)	89 0 (4th to 6th)	89 5½
July	90 7 (5th)	89 5 (16th)	90 0
August	90 9 (21st)	90 1 (1st)	90 5
September	91 4 (5th)	90 2 (25th)	90 9
October	92 3 (22nd & 23rd)	90 4 (5th & 8th)	91 3½
November	96 11 (19th)	92 0 (1st)	94 5½
December	95 1 (4th, 24th & 27th)	94 0 (6th)	94 6½

Month.	PRICE IN BOMBAY PER TOLA (for ready).		
	Highest.	Lowest.	Average.
	Rs. a. p.	Rs. a. p.	Rs. a. p.
January	26 14 6 (16th)	24 13 6 (31st)	25 14 0
February	25 1 0 (1st)	24 9 0 (12th)	24 13 0
March	25 6 6 (14th)	24 11 6 (2nd)	25 1 0
April	25 2 0 (10th, 11th & 28th)	24 14 9 (4th)	25 0 3
May	25 4 0 (11th)	24 14 9 (2nd)	25 1 3
June	25 6 3 (11th)	25 2 0 (1st)	25 4 0
July	25 8 0 (6th)	25 3 6 (16th)	25 5 9
August	25 13 0 (21st)	25 7 3 (2nd)	25 10 0
September	25 13 6 (6th)	25 3 0 (27th)	25 8 3
October	25 5 9 (2nd)	24 8 6 (28th)	24 15 0
November	25 8 6 (18th & 19th)	24 12 6 (2nd)	25 2 6
December	25 5 6 (17th)	25 0 9 (1st)	25 3 0

IMPORTS AND OFF-TAKE OF GOLD.

Month.	Monthly import value of bar gold and coin.	Monthly estimated off-take.	Estimated stock at end of the month.
	Rs.	Tolas.	Tolas.
January	3,39,79,985	8,75,000	4,00,000
February	6,76,47,032	12,00,000	5,00,000
March	5,99,25,848	13,50,000	2,00,000
April	6,84,70,086	10,20,000	7,50,000
May	2,80,76,942	8,50,000	4,00,000
June	1,95,41,143	4,50,000	3,50,000
July	2,20,38,726	3,00,000	4,50,000
August	1,04,15,490	2,60,000	2,00,000
September	2,27,19,116	3,00,000	3,00,000
October	2,24,50,741	4,00,000	5,50,000
November	1,25,05,271	4,00,000	2,00,000
December	97,41,140	6,00,000	3,00,000
Total ..	37,75,11,520	80,05,000	46,00,000

PRICE OF BAR SILVER DURING 1923.

Month.	PRICE IN LONDON PER STANDARD OZ.		
	Highest.	Lowest.	Average.
	d.	d.	d.
January	32 11/16 (24th)	31 3/16 (10th)	31 15/16
February	31 3/4 (28th)	30 1/2 (8th)	31 1/8
March	32 7/8 (27th)	31 9/16 (2nd)	32 7/32
April	33 3/16 (30th)	31 11/16 (10th)	32 7/16
May	32 15/16 (5th)	32 (31st)	32 15/32
June	32 1/16 (16th&18th)	31 1/16 (30th)	31 9/16
July	31 3/8 (9th)	30 11/16 (13th)	31 1/32
August	31 1/8 (11th)	30 3/4 (24th)	30 15/16
September	32 3/8 (21st)	30 15/16 (1st & 3rd)	31 21/32
October	32 3/8 (22nd)	31 5/16 (12th)	31 27/32
November	33 5/8 (19th)	31 3/4 (2nd)	32 11/16
December	33 11/16 (18th)	33 (6th)	33 11/32

Month.	PRICE IN BOMBAY PER 100 TOLAS (for ready).		
	Highest.	Lowest.	Average.
	Rs. a.	Rs. a.	Rs. a. p.
January	84 6 (16th)	79 10 (30th)	82 0 0
February	80 11 (28th)	78 0 (17th)	79 5 6
March	83 11 (27th)	79 14 (1st)	81 12 6
April	87 0 (30th)	81 13 (6th)	84 6 6
May	87 8 (1st)	83 0 (31st)	85 4 0
June	83 9 (1st)	79 6 (30th)	81 7 6
July	80 5 (23rd)	77 15 (4th)	79 2 0
August	79 9 (13th)	78 11 (4th, 8th, 9th & 16th)	79 2 0
September	83 12 (29th)	78 14 (2nd)	81 5 0
October	83 14 (2nd)	78 14 (24th)	81 6 0
November	83 0 (5th)	78 2 (9th)	80 9 0
December	80 8 (15th & 18th)	78 11 (3rd)	79 9 6

IMPORTS AND OFF-TAKE OF SILVER.

Month.	Monthly import value of bar silver and coin.	Monthly estimated off-take in bars.	Estimated stock at end of month in bars.
	Rs.	(In bars of about	2,800 tolas.)
January	2,56,20,520	7,550	2,200
February	3,43,04,901	9,900	6,000
March	1,24,45,178	6,500	3,350
April	76,47,857	4,200	750
May	1,38,41,003	5,050	150
June	1,61,49,949	4,800	1,400
July	1,20,70,237	4,300	1,900
August	1,78,01,573	5,000	3,000
September	1,09,70,150	3,100	5,000
October	2,31,46,365	2,700	10,000
November	2,23,84,622	5,100	8,000
December	95,82,909	5,500	5,500
Total ..	20,59,65,264	63,700	47,250

PRICES OF GOVERNMENT SECURITIES DURING 1923.

		3½ per cent. Paper.	5 per cent. Loans.			5½ per cent. Loans.		6 per cent. Loans.					6½ % Bombay Development Loan.
			1929-47	1945-55	1933	1925	1928	1926	1927	1930	1931	1932	
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Jan.	Highest ..	58	84	90	..	101	101	100	100	100¼	100¼	100¼	104
	Lowest ..	57½	83	88	..	100	100	99¼	99¼	99⅝	99⅝	99⅝	103½
	Average ..	57¾	83½	89	..	100½	100½	99⅜	99⅜	99⅞	99⅞	99⅞	103¾
Feb.	Highest ..	59¼	84	90	..	100¾	100⅞	100¾	100¾	101	101	101¼	104
	Lowest ..	57½	83	89	..	100	100	99½	99¼	99¾	99¾	99¾	103½
	Average ..	58⅜	83½	89½	..	100⅜	100⅜	100	100	100⅜	100⅜	100⅜	103½
March	Highest ..	61½	87½	93½	..	102½	102¾	102	102	103¼	103¼	103¾	105½
	Lowest ..	59	84	90	..	100¾	100¼	100½	100½	100¾	100¾	101	104
	Average ..	60¼	85¾	91¾	..	101⅝	101½	101¼	101¼	102	102	102⅜	104¾
April.	Highest ..	63¼	89½	94½	..	102⅞	103⅛	102	102	103½	103⅝	104⅛	106¾
	Lowest ..	61½	87½	93½	..	102¼	102½	101⅝	101⅝	102⅞	102⅞	103⅛	105½
	Average ..	62⅜	88½	94	..	102½	102¾	101¾	101¾	103¼	103¼	103⅝	106⅛
May.	Highest ..	65¾	91⅛	96½	..	103⅞	105	102½	102⅝	104	104⅜	105	108½
	Lowest ..	63¼	89⅜	94½	..	102¾	103	101¾	101¾	103⅛	103⅜	103⅞	106¾
	Average ..	64½	89¾	95½	..	103¼	104	102⅛	102⅛	103¾	103⅞	104⅜	107⅝
June.	Highest ..	65⅜	91⅜	96⅛	..	103¾	105	102⅜	102⅝	104	104⅜	105	108½
	Lowest ..	63⅞	91	96	..	103	104½	102	102⅛	103	104	104⅜	108
	Average ..	64⅜	91⅛	96⅛	..	103⅜	104¼	102⅛	102⅜	103⅝	104⅛	104¾	108¼
July.	Highest ..	65¾	91⅜	96⅛	97⅛	103	104½	102	102¼	103½	104	104½	108¼
	Lowest ..	64½	91⅛	96	97⅛	102⅞	104¼	101⅝	102	103	103¾	104¼	108⅛
	Average ..	65⅛	91⅛	96	97⅛	103	104⅜	101¾	102⅛	103¼	103⅞	104⅜	108
Aug.	Highest ..	66¼	91½	96⅝	97⅝	103⅜	104¾	102⅜	102½	103⅝	104⅛	104¾	108½
	Lowest ..	65¼	91⅛	96⅛	97⅛	103	104½	102	102¼	103½	104	104½	108¼
	Average ..	65¾	91¼	96⅜	97⅜	103⅛	104⅝	102⅛	102⅜	103½	104	104⅝	108⅜
Sept.	Highest ..	65⅞	91⅝	96⅝	97⅝	103¼	104¾	102¼	102½	103⅝	104⅛	104¾	108½
	Lowest ..	65¼	91⅜	96⅜	97⅜	103⅛	104⅝	102	102¼	103⅝	104	104½	108¼
	Average ..	65½	91½	96½	97½	103⅛	104⅝	102⅛	102⅜	103⅝	104⅛	104⅝	108⅜
Oct.	Highest ..	65¼	91⅜	96⅜	97⅜	103⅛	104⅝	102⅛	102¼	103⅝	104	104⅝	108¼
	Lowest ..	62⅛	91	95⅝	96⅝	102⅞	104⅛	101½	101¾	103⅛	103⅝	104¼	107
	Average ..	63¾	91⅛	96	97	103	104⅜	101¾	102	103⅜	103¾	104⅜	107⅝
Nov.	Highest ..	64	91⅛	96⅛	97	103	104⅜	101⅞	102	103¼	103⅝	104½	107¼
	Lowest ..	62⅛	90⅝	95⅝	96½	102½	103⅜	100¾	101	102¾	103	103½	106¼
	Average ..	63	90⅞	95⅞	96¾	102¾	103⅞	101¼	101½	103	103¼	104	106¾
Dec.	Highest ..	63½	90¾	95½	96½	102⅝	103⅛	100¾	101	102⅝	103	103¾	106¾
	Lowest ..	62	90½	95	96	102	102¼	100¼	100½	101¾	102¼	102¾	106
	Average ..	62¾	90⅝	95¼	96¼	102¼	102¾	100½	100¾	102¼	102⅝	103¼	106⅜

COTTON MILLS.

Name of Company.	No. of Spindles.	No. of Looms.	Top price of boom period 1920-21.	Quotations in 1923.		Intrinsic Value.*		Quotation at close of year 1923.
				Highest.	Lowest.	Without Depreciation.	Less 25% Depreciation.	
			Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Ahmedabad Advance ..	30,612	600	3,300	480	397–8	645	580	450
Bombay Dyeing ..	133,888	4,044	4,395	1,390	845	1,265	1,088	845
Central India	100,352	2,220	6,400	650	492–8	521	458	527–8
Century	99,124	2,939	1,545	672–8	437–8	796	630	427–8
Colaba Land	44,544	697	3,800	280	155	281	227	155
Coorla	29,496	712	340	190	150	336	291	152–8 xd.
Crescent	44,688	1,096	820	418–12	218–12	478	397	218–12 xd.
Currimbhoy	83,744	1,015	2,365	700	500	992	748	500
David	67,816	1,000	1,925	800	600	1,166	904	625
Dawn	39,816	....	1,800	800	610	1,417	1,229	640
Ebrahim Pabaney ..	55,424	1,049	1,250	617–8	362–8	788	621	380
Edward Sassoon ..	45,408	808	820	410	212–8	512	382	230
Finlay	46,072	812	1,845	875	550	793	682	625
Fazulbhoy	52,256	1,282	2,150	1,130	765	1,215	1,066	855 xd.
Indore Malwa	33,662	1,275	875	592–8	452–8	461	370	498–12
Khatau	44,284	1,226	920	415	280	735	523	280
Kohinoor	69,200	1,394	4,800	1,910	1,280	2,068	1,637	1,420
Laxmi Cotton	45,792	851	5,250	5,350	4,350	5,778	5,079	5,350
Meyer Sassoon	32,592	572	570	280	125	342	236	175
Maneckji Petit	148,388	4,944	7,800	3,800	3,000	7,886	6,460	3,100
Morarji Goculdas ..	58,488	1,607	8,000	5,400	4,000	11,372	8,514	4,000 xd.
Madhavrao Scindia ..	42,180	....	565	155	66–4	149	84	66–4
New City	31,080	....	1,040	530	290	535	415	315
New Great	46,716	1,059	1,375	672–8	422–8	755	587	522–8
Phœnix	53,672	689	1,430	840	455	851	722	490
Pearl	34,572	1,036	1,622	892–8	585	787	661	585
Planet	27,040	922	380	160	87–8	185	127	87–8
Sholapur	71,908	1,589	18,500	14,800	11,000	25,015	20,600	13,500
Simplex	34,472	1,607	1,335	550	320	512	344	357–8 xd.
Swan	31,616	600	1,700	930	700	939	827	880
Swadeshi..	56,492	1,542	6,030	670	506–4	668	603	526–4
Shapurji	86,060	627	560	237–8	200	175	137	227–8
Vishnu	34,160	1,254	2,375	2,050	1,600	2,223	1,786	2,000

*The intrinsic value is arrived at by valuing the mill at total book cost after adding liquid assets and deducting liabilities.

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PREMCHAND ROYCHAND & SONS,

SHARE, STOCK, BULLION, EXCHANGE AND FINANCE BROKERS,

BOMBAY.

ANNUAL MARKET REVIEW
1930.

PREMCHAND ROYCHAND & SONS.
PARTNERS {SIR KIKABHAI PREMCHAND, KT., MANEKLAL PREMCHAND.
TELEGRAMS: "PRONOWN."
PHONE: 20173 AND 25671.

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INTRODUCTORY.

1930 has indeed been an exceptional year, full of amazing uncertainties in economics as well as in world politics. After the crash on the American Stock Exchange in the Autumn of 1929 it was generally believed in the United States that some measure of stability would follow, although other countries were under no delusion regarding the dangers from the sharp decline in prices bound to follow the Wall Street debacle. In America a feeling of optimism prevailed during the early part of the year and business men pinned their faith to a favourable reaction. Events soon showed their optimism to be unfounded. Factors were at work to bring about one of the most cataclysmic slumps in the world's economic history; and although the slump heralded in an era of cheap money, strong economic and other forces nullified the otherwise beneficial effects of low money rates. The year witnessed no fewer than four changes in the Bank of England rate, but unlike last year the 1930 movement was in a continuously downward direction. The Bank of England rate stood at 5 per cent. at the beginning of the year and by successive falls was reduced to 3 per cent. on May 1. The Federal Reserve Bank of New York reduced its rediscount rate four times during the first half of the year, bringing it down from 4½ per cent. to 2½ per cent. on June 19. In an endeavour to stimulate trade and stem the fall in prices a further reduction of one half per cent. to 2 per cent. was made on December 24, a low level never reached before in the history of the Federal Reserve System. France, which had maintained the low rate of 4 per cent throughout 1929, when the United States, England and all other important countries were obliged to raise their rates, also made reductions during the current year, with the result that on May 1st the rate reached 2½ per cent. The German Reichsbank reduced its rate by successive cuts from 7 to 4 per cent, the last being on June 20, although owing to internal troubles which caused a flight from the Mark the rate had to be raised again to 5 per cent. from October 9th. In the Netherlands the Bank rate fell from 4½ per cent. at the beginning of the year to 3 per cent on March 24, and this rate continued till the close of the year.

The economic experts of the world have vied with one another in explaining the causes of the 1930 slump. There can be no doubt that it is an aftermath of the Great War. The vast inflation of currency made during and after the war led to artificial prosperity in industry, trade and agriculture and higher prices prevailed for all commodities. Counteracting economic forces, however, soon began to make themselves felt. Currencies which had been divorced from their pre-war levels were reorganised one after another. Governments, fully alive to the important part played by gold during the war, aimed at securing as big a share of the world's gold stocks as possible. The amount of monetary gold available has always been regarded by Governments as a measure of the quantity of currency that could be issued to meet the interchange of commodities and services. The result has been that in the scramble for gold the world's economic equilibrium has been upset. Both the United States and France adopted a policy of gold-grabbing. The gold holdings

of the Central Banks of the United States and France alone aggregated £1,138 millions in 1929 against a world monetary stock of £2,336 millions. Gold held by the Federal Reserve Banks stood at $2,857,050,000 on January 2nd, 1930, as against $2,958,850,000 on December 18th 1930. Notes in circulation in the United States on the other hand declined from $1,909,720,000 to $1,596,170,000. Gold held by the Bank of France amounted to 41,668,420,000 francs on December 27, 1929, and 52,900,460,000 francs on December 12, 1930. Notes in circulation rose during the same period from 68,570,806,000 francs to 75,298,513,000 francs.

These figures indicate clearly the loss in currency as a medium of exchange that the gold standard world has suffered by reason of such rapid accumulations of the metal by two countries. The sterilization of so much gold led inevitably to restriction of currency and credit in other parts of the world. While production maintained its normal increase the world's consumption capacity was curtailed greatly. The decline in the world's buying power with no corresponding decrease in production caused a collapse in commodity prices, particularly in those of agricultural commodities. For example, wheat, cotton, jute, sugar and tea, to mention only a few, recorded the lowest prices in recent years. Wheat in Bombay (Delhi I) which was quoted at Rs. 5-9-6 per cwt. in July 1914 and had risen to Rs. 9-0-9 in October 1929 fell to Rs. 3-14-0 in November 1930. Broach cotton, which was quoted at Rs. 251 in July 1914, rose to as high a figure as Rs. 490 in September, 1927, but declined to Rs. 336 in October, 1929, with a further precipitate fall to Rs. 193 in November 1930. The world fall in prices was so serious that in order to relieve the situation the Federal Farm Board of the United States tried to stop the rot by purchasing stocks of cotton and wheat, at the same time strongly recommending limitation of the acreage for these crops next season. The Board's efforts, however, had no permanent effect on prices which continue to decline, and the net result has been merely to saddle the United States Government with large stocks above market rates.

While the Board of Trade index number of wholesale prices in the United Kingdom stood at 131 in January, 1930, as compared with 100 in 1913, it stands at 113 at the close of the year under review. In France the index number of wholesale prices declined from 563.3 at the beginning of the year, also based on 100 for 1913, to 508.2 at the end of the year. It may be noted, however, in this connection that the franc has been revalorised at 124.21 as against 24.8 before the war. In the United States of America a fall of about 13 points has occurred since the beginning of the year.

As the prosperity of industry depends largely upon the purchasing power of the people, it was inevitable, in view of the serious fall in prices, that industry should have to share the loss. So long as uncertain conditions prevailed and there was apprehension of a further fall in prices, people confined themselves to buying for immediate requirements only, and this in turn led to unemployment. The number of unemployed in the United Kingdom stood at 1,344,000 in December 1929, and exceeded 2½ million at the close of the year. In the United States, while the factory employment index, based on the average of the normal period of 1923-25, was 103 in September, 1929, and had dropped only to 95 in December, when the full effects of the stock market crash were beginning to be felt, it declined steadily during 1930,

reaching 83 in September. It has apparently continued at around that figure, although more recent statistics are not available. The total of unemployment is officially estimated at something over 3,500,000 though it has been claimed in some quarters, particularly during the elections, that it goes as high as 5,000,000 or even more.

The incomes of Governments have declined with no corresponding fall in expenditure, and in order to balance their budgets they are being forced to retrench. All classes of the community have suffered. The value of capitalistic holdings, whether in landed property or jewellery, company stocks or Government bonds has depreciated considerably. With the whole world thus afflicted, means will have to be found to cure the economic disease. This is the stage which the world at large has reached to-day.

No single remedy can meet the situation and the process of cure after the economic purge of 1930 must necessarily be of a complex nature. Countries responsible for the shortage in the supply of credit must give the lead. Gold sterilized in the vaults of Central Banks is of little value to the world as a whole. So long as the monetary use of gold is restricted in this way, so long will conditions remain materially unchanged. Sir Henry Strakosch, an economist of international repute, brings out this point very vividly in his valuable memorandum on Gold and Price Levels. Most countries are devoting expert attention to their economic rehabilitation. India, for example, has asked for the services of Sir Arthur Salter, the Director of the Economic and Financial Section of the League of Nations, in an advisory capacity. World commodity producers recognise that as production has outstripped consumption, and as the current prices in some cases have fallen below the cost of production, output will have to be considerably curtailed and that at least the marginal producer will have to go. Active steps have been taken in America to reduce the output of minerals, while producers of commodities like sugar and tea are negotiating with a view to limit world supplies.

The Governments of various countries, finding it difficult to meet their normal expenditure owing to the fall in revenue, have resorted to heavy borrowing, thus diverting funds from trade and industry. This borrowing cannot continue, since Governments will be compelled to retrench in order to meet their current expenditure out of revenue. Normally the curtailment of Government borrowing should lead to more capital being available for industry and commerce, although this advantage may be slightly offset by increases in taxation. The fall in prices should also enable persons with fixed incomes, who form quite a large proportion of the world's population, to effect savings, thus creating the additional capital essential for the expansion of trade and industry.

The problem of German Reparations has now been finally solved and it is to be hoped that normal conditions will be restored on the Continent. The Hague Conference was continued and although the road to settlement was not particularly smooth, a final agreement was reached early in February and the problem of reparations which had been for long a disturbing factor in the exchanges of the various powers involved was settled once for all. The decisions reached were on the whole in favour of creditor Powers and Germany agreed to make payments in full in foreign currencies. The Bank of International Settlements formed last year for the purpose took over the functions of the Reparations Commission. Business men and financiers were relieved from

uncertainty and the new plan was a great advance over the Dawes Plan which subordinated economics to politics. With the new plan "Germany was more free. She has a debt to pay, but that is all. Her honour and not her freedom was at stake." In these words Mr. Young, after whom the plan is named, expressed what the plan had achieved.

It is too early yet to say how far the Bank of International Settlements has helped or will help in the future toward the better regulation of world currency and finance, particularly on the Continent and in America. The object, however, is laudable and if the nations participating in the scheme adhere both in letter and in spirit to the programme laid down, it may be hoped confidently that the present currency and economic problems will be solved to the advantage of the world at large.

After preliminary meetings in Switzerland, arrangements were made for the granting of a Charter to the Bank. The Board of Directors of the Bank met for the first time in Basle in the last week of April and the Bank formally opened its doors on May 17th and on the same day final payments under the Dawes Plan were made by the Agent General for Reparations. The Bank published its six-monthly balance sheet on 31st October and the assets, which had approximated 300 million Swiss francs on 31st May when the Bank was formally opened, had swollen to 1,800 million francs on the latter date. The Bank did not disclose the distribution of its funds, the amounts held in various countries and the movements of various currencies, since such disclosure would have defeated the object of its creation. One important function of the Bank is to assist exchanges in times of anticipated stress, and it would hardly be helpful to advertise the situation it was endeavouring to correct by disclosing the directions which its funds took. Similarly the Bank did not publish the interest rate paid on its deposits lest it might be mistaken as something in the nature of a world discount rate, and any alteration in the terms given a significance which they did not have.

The Bank issued its first International loan known as the "German Government International 5½ per cent. loan of 1930" in the second week of June. The loan was issued in Belgium, France, Germany, Great Britain, Holland, Italy, Sweden, Switzerland and the United States of America. The total amount of the loan was somewhat in excess of $300 million and the issue price was fixed at 90 per cent. in all centres except Paris, where owing to the interest being payable without deduction of income tax, it was offered at 98¼ per cent. The whole loan will be redeemed by accumulation of sinking fund calculated to extinguish the loan by June 1st, 1965. The German Government has also the option to redeem the whole loan on July 1st, 1935, or any subsequent year. The loan is a direct and unconditional obligation of the German Government.

Since the loan was raised in various currencies, it did not, despite its magnitude, in any degree disturb the exchanges of the countries concerned. Had such a loan been effected in any one currency, which would necessarily have been the case had not the Bank of International Settlements been an accomplished fact, the Continental exchanges might have moved in an erratic fashion while the loan operations were in progress.

Since the assets of the Bank have increased so largely, the question of investment policy comes to the front It is not the function of the Bank to earn large profits. Its investment policy subordinates profit-making to consideration of the effect on Central Banks' policy in regard to the foreign exchanges and improvement of world credit.

Thus on the economic plane, the world has been organised into a single unit. In the political sphere, however, not only has there been a tendency for national cleavages to sharpen but each of the sixty or seventy sovereign states of the world has tended to pursue a purely national economic policy. Despite the recommendations of international bodies that tariffs should be reduced, there has been a deplorable tendency on the part of Governments to raise tariff walls still higher and to stimulate dumping by granting subsidies to home producers. Until the world as a whole realises the dangers of these methods the solution of its economic problems must be retarded.

Revolution seems to be a characteristic of the post-war period. As many as half a dozen revolutions in Latin America and in Europe took place, while internecine dissensions, though occasional, were witnessed. The attempts made by the League of Nations to bring a long period of peace to the world at large have not succeeded to the extent desired. The armament question still remains unsolved and so long as nations feel suspicious of each other's activities they are bound to prepare themselves for trouble, however much they may believe in complete disarmament. While military disarmament has been ineffectively discussed for more than ten years, a definite advance was made this year in naval disarmament. A number of important Naval Powers met in a conference in London on January 21st, 1930. Efforts to arrange a naval disarmament scheme acceptable to the five great naval powers, Great Britain, America, Japan, France and Italy, did not succeed, but a three-party agreement was reached between Great Britain, U.S.A. and Japan in the first week of April. Owing to a conflict of interests France and Italy stand outside the Naval Treaty, but it is to be hoped that sooner or later they will get over their difficulties and become parties to a wider disarmament agreement.

United States.—Unlike last year conditions in the United States this year had no direct influence upon international money conditions. America's troubles were confined mainly within her own borders. The boom on the Stock Exchange which had risen to its culminating point in September 1929, ended a few weeks later in a sudden and catastrophic collapse, which did not finish with the year and continued throughout 1930. Prices of almost all stocks declined persistently and any temporary reactions which occurred from time to time only resulted in further liquidations. The fall was precipitated during the last quarter of the year when almost panicky conditions obtained and there were serious failures of banks and other financial houses throughout the country. The total number of bank suspensions in the United States of America during the first 10 months numbered 740, involving deposits to the extent of $312 million. As many as 586 more banks failed during the last two months and although the extent of their deposits is not known, it is conservatively estimated that they will be proportionately far in excess of the figure mentioned above. Government finances also suffered, and instead of an expected surplus budget, America, like most of the other important countries, is threatened with a deficit budget. The

anticipated surplus of about $123 million in the budget of 1930-31 has been turned into an expected deficit of $180 million.

For the proper understanding of American business conditions they should be viewed first as a psychological problem and secondly in the light of statistics. This can easily be seen if one reviews the eager prognastications of eminent American economists before the break at the end of 1929, the general confidence in the early part of 1930 that the worst was over, and now the pessimism which continuous months of bad news has produced. An extract from the monthly economic letter of the National City Bank of New York well sets this forth :—

> "Just a year ago the mood was to exaggerate every favourable item of news and ignore unfavourable symptoms, so now the pendulum has swung the other way, and bad news is played up and good news thrust in the background. Repeated instances during the past month of panicky reactions to absurd alarm have given evidence of the extent to which the public has abandoned sound thinking and given itself over to hysterical imaginings."

With traditional high protective tariffs, America has pursued a rather proud policy of economic isolation, but the continuous downward trend in commodity prices due to outside world conditions, the serious droughts of June and July and the growing ranks of unemployed have reduced her economic condition to nearer the general world level. A steadily growing export trade which acted as a safety valve for what would otherwise have been suicidal mass production underwent a rapid reduction. The value of exports during the first ten months of the current year shows a reduction of $1,075,367,702, or practically 25 per cent. below the figure for the corresponding period of the previous year. The value of imports during the same period decreased by $1,101,540,392, however, so that the favourable balance of trade, not considering the heavy volume of intangible items, increased to $576,120,469 as compared with $549,944,779 in the 1929 period.

America's troubles have undoubtedly been aggravated by the forceful methods of production and salesmanship employed by her industrial and business leaders. Production was stimulated by large sales on the instalment system, which increased the depression when the slump came. Her export trade has also undoubtedly suffered owing to her recent tariff increases and the amassing of gold stocks by the Federal Reserve Banks.

From a material point of view the United States may be described as sound. The materials for business and for trade are present in abundance and American gold holdings still remain enormous, being almost a third of world stock, so that no difficulty in financing trade is to be apprehended. All that is needed is for the turn of the business tide to set in. No one can say when this will happen, but when it does, America's energetic businessmen should be the first to take advantage of it.

United Kingdom.—The troubles of the United Kingdom have not only been economic; the country has also suffered from political reactions. Fortunately for the Government and the country, England has been immune from actual labour strikes, but owing to general trade depression,

the number of unemployed has nearly doubled. The cotton industry has not only suffered from the general depression, but has been further hard hit by the hostile political propaganda carried on in one of its principal export markets, India. The shipbuilding industry suffered a setback as a result of the agreement reached at the Naval Disarmament Conference. What is true of cotton and shipbuilding is also true of almost all Britain's other industries. The total volume of trade shrank from £1,950,500,000 in 1929 to £1,615,500,000 in 1930. Her adverse balance of trade in merchandise has slightly decreased from £491 million to £ 474 million.

Government finances also deteriorated, and it is estimated that there will be a heavy deficit in the current year's budget. The one redeeming feature in the whole situation was the attitude adopted throughout the year by the Bank of England authorities, who at great sacrifice to their earning assets kept the bank rate at low levels. The first reduction from 5 to 4½ per cent. came on February 6th, followed in quick succession by similar cuts reaching 3 per cent. on 1st May. Falling wholesale prices suggested the use of all possible monetary correctives, and this the Bank of England was quick to recognise. Gold movements, too, were favourable during the early part of the year, since the total amount of gold held by the Bank of England increased from £146 millions at the end of last year to about £163 millions early in May. Of this £7 millions came from Australia and the balance was made up by purchases of Cape gold at the minimum buying rate of 84*s*. 10*d*. The Bank, however, did not succeed in securing Cape gold during the second half of the year, and in fact heavy withdrawals were made from the Bank on France's account, which made it clear that the recent world scramble for gold had not abated. In consequence of large withdrawals and in view of the low bank rate of 3 per cent. the Bank of England decided to deliver from June onwards standard gold (·916 fineness) instead of fine gold, thus altering the practice of recent years. The change in the policy of the Bank was legal, since under the Gold Standard Act of 1925, the Bank of England was entitled to sell bars of any fineness provided they were not lower than the standard of sovereigns (916⅔/1,000). For many months the Bank's stock of fine gold bars had been heavily depleted by withdrawals to the Continent, whilst the bulk of its receipts had been in the form of sovereigns, as will be seen from the following figures :—

From June 1st 1929 to 31st May 1930.

Bar Gold.		*Sovereigns.*	
Received	*Withdrawn*	*Received*	*Withdrawn for Export.*
£ 18,334,000	£ 63,615,000	£ 39,651,000	£ 452,000

It was therefore only natural that the Bank should have decided to exercise its legal right to sell bar gold only of standard fineness.

The result of this change was to move the gold export point of the Paris Exchange from 123·89 francs first to 123·64 francs and later, after one of the London refiners had reduced his charge, to 123·78 francs, since the Bank of France would not accept bars of lower fineness than ·995. In spite of this change, withdrawals did not cease, since France took gold in order to meet payments

for the Reparation Loan and in addition the general repatriation of French funds from abroad continued. Although these withdrawals were partly offset by arrivals of bar gold and sovereigns from Germany, Australia and Spain, the gold reserves of the Bank of England were reduced to about £148 millions at the end of the year.

Any review of conditions in the United Kingdom would be incomplete without a reference to Britain's relations with the other component parts of the British Empire. The negotiations started by the last Conservative Government with Egypt in 1928 were carried further during the current year, but with no additional achievements. An Egyptian delegation arrived in London in the last week of March to negotiate with the present British Cabinet on the basis of the provisional agreement reached with their predecessors. It was publicly announced on May 8th that the negotiations had finally broken down, but that the door had been left open for a resumption of negotiation at some future date.

The troubles with the mandatory territory of Iraq continued, but His Majesty's Government were able to bring their negotiations with that country to a successful issue. Iraq is to be recognised as a sovereign state and Great Britain will recommend her admission to the League of Nations.

The year under review was particularly important owing to the meeting of the Imperial Conference, which had not assembled since 1926. The outstanding tasks of the Conference this year were distinctly different and more difficult than those of the 1926 meeting. High constitutional politics dominated the former, practical economic problems engaged the latter. At the Conference of 1926 it was finally settled that the Dominions and the Motherland were equal partners of the British Commonwealth. The decisions reached at the 1930 Conference have been far from satisfactory largely owing to the attitude of the Labour Government and it is to be hoped that when the Conference next meets at Ottawa the various members of the Empire will meet in a spirit of harmony and determination to try and achieve what is left unsolved. Hard pressed by the trade depression all the Dominions want more markets for the various commodities they produce. There is a big field for exploration in the vast areas of the Empire and we trust it will be explored with determination. It has been said that the Imperial Conference of 1926 brought into being the third British Empire, but with the Indian problem still under discussion the evolution of the Empire is not yet complete. Some day there will be a fourth British Empire, in which partnership will have to be extended to many a race and creed.

A unique event in Imperial relations is the meeting of the Indian Delegation in London with members of the British Parliament at a Round Table Conference in order to evolve a scheme for the constitutional advancement of India. The Conference is still deliberating and it is too early to predict its outcome.

France.—France suffered least from the world trade depression in 1930, although the progress made since the stabilisation of the franc in 1928 was to a large extent retarded. Money rates were already low; none the less during the current year the Bank rate was reduced to 2½ per cent. on

May 1st, before any other important country reached that level. But it must be remembered at the same time that the French Bank rate is only a nominal one, since the lending rate is anything from 2 to 4 per cent. higher than the official rate. The problem of reparations, which affects the economic well being of France so intimately, has now been decided finally in her favour. Although gold withdrawals on French account both from England and from New York were persistent, their volume during the early part of the year was much smaller than that of the past year or the latter part of the current year. Large withdrawals actually began in May, and coincided with the inauguration of the Bank of International Settlements, towards the capitalisation of which the French public were given the option to subscribe 16,000 shares. The total applications aggregated the equivalent of £63 millions and in anticipation of this rush funds had to be mobilised in advance ; with this end in view the French institutions drew heavily on their foreign balances. As much as £11½ millions had to be taken in gold from London during May. Further withdrawals were made from England, New York, Berlin and Spain during the early part of July in order to meet obligations on France's share of the Reparation Loan. Withdrawals, however, did not cease with this, and in fact continued almost throughout the year. The total gold holdings of the French Bank, which stood at 41,668,420,000 francs at the end of the last year, swelled to 52,900,460,100 francs on December 12 of the current year. The Bank of France attributed the large influx of the yellow metal, in addition to the causes stated above, to political events in certain European and South American countries, together with the world-wide economic crisis and a tightening up of all financial markets, which had created an unfavourable atmosphere for investment in foreign shares and bonds. The French public, hit by the American collapse, were said to have lost confidence in all but first class securities. This explanation is scarcely convincing since capital withdrawn from other countries cannot possibly earn higher rates in France. Furthermore, a reduction in the volume of business had led to a reduction in the demand for credits. Nevertheless the Bank of France strongly believes that as soon as an improvement in the economic situation sets in, the influx of gold into France will automatically cease.

Perhaps one more reason for the large withdrawals may be found in the desire of the French authorities to create a regular discount market like that of London. It may be pointed out in this connection that a discount market in the sense of buying and selling bills did not exist any where except in London prior to the War. In addition to those of New York and Paris, Dutch and Swiss discount markets are in process of development. Stockholm is another important market which has played an active part in international operations during the last two years.

On the industrial side France has advanced since the War in a most remarkable manner. It is abundantly clear that France, with her immense resources, her balanced economic conditions and her admirably industrious working population, is economically perhaps the strongest country in Europe to-day. Unemployment hitherto has not affected her, but signs are not wanting that the prevailing depression is at last overtaking France, and it is open to question whether the policy of the Bank of France in amassing and sterilising gold is doing the country any good. It seems more likely to increase France's difficulties.

Germany—Germany has been largely dependent upon foreign borrowing for her industrial advancement and although money rates were much cheaper in the international markets this year than last, Germany found it difficult to get additional supplies of funds. The loan of nearly 300 million Swiss francs raised on her account by the Bank of International Settlements, went towards the payment of reparations, and although the reparation problem is finally settled, Germany must still find surplus funds to meet the annuities. So long as Germany is burdened with reparation payments, her economic progress must be slow, particularly in view of the fall in the prices of all her agricultural and industrial products. In fact, it was found necessary to cut wages in the iron trade in order to enable German manufacturers to compete in world markets. During the latter part of the year, Germany was faced with political disturbances causing a flight of capital abroad,—nearly £20 million gold was lost to the country, necessitating the raising up of the Bank rate from the low level of 4 per cent. to 5 per cent. on the 9th October 1930.

Participation of foreign capital in German undertakings has grown to such an extent that it now represents a powerful factor in the economic structure of the Reich. Indeed foreign influence through financial participation has attained such a point that the majority of German business men have given up the hope of retaining complete control of industry in German hands by means of protective measures, such as were strongly favoured even a year ago. It is widely realised that in view of the scarcity of home capital and the saturation of foreign markets with German loans, substantial amounts of shares should be transferred to foreign interests. Two or three of the largest concerns in Germany have merged with American interests, one such being the Siemens Electrical concerns.

Italy.—Money rates, although lower than last year, were much above those in other important countries. The Bank rate, which stood at 7 per cent. at the beginning of the year, was reduced to 5½ per cent. on May 28, 1930, and continued at this level till the end of the year. The industrial progress of the country under the Fascist regimé has been steady and its trade in artificial silk is increasing. Italian representatives were invited to participate in the deliberations of the Naval Disarmament Conference, but unfortunately there was disagreement with France over the parity question. It may, however, be hoped that by the joint efforts of all the important naval Powers a suitable arrangement will be arrived at whereby Italy will become a signatory to the three-party agreement.

Russia.—The darkest cloud is Russia. Although her efforts to spread the gospel of communism in other parts of the world have not slackened, it would appear that Communism within her own borders is losing its former force. She is no more content with internal trade only. She is already exporting large quantities of wheat and other raw products to the neighbouring markets in order to obtain machinery, etc., necessary for her five-year industrial reorganisation plan. It is clear however, that so long as the Soviet Government of Russia insists on the repudiation of foreign debts, she cannot expect co-operation in financial matters or the foreign loans needed for the advancement of her industries.

China.—Internal conditions in China have been quieter than they were in 1929, but the peace is largely one of exhaustion. Her trade has been bad, the effects of world depression having been

aggravated in China's case by the phenomenal decline in the price of silver. The fall was so serious that the Finance Minister of the Nanking Government issued an order on the 15th January 1930, that from February 1st customs duty on imports from abroad would be collected on a gold basis. China's troubles were also augmented by the depreciation of her silver currency, which reduced the purchasing power of the people. The demand for Chinese products, mainly silk, has fallen off considerably, while imports have continued, causing accumulations of a large amount of silver at the ports, specially in Shanghai. In order to check heavy imports a general increase in import duties was made towards the close of the year. Stable conditions and an improvement in the price of silver, or a gold loan, are necessary for China's economic revival.

Japan.—On November 21st, 1929, the Japanese Government announced its decision to remove the gold embargo from January 10th, 1930. Preparations for the return to the gold standard had been practically completed. Besides the arrangement of British and American stabilisation credits to defend the yen, the Government had replenished the specie held abroad. The yen being thus stabilised, trade began to resume its normal course. The adverse balance of trade which amounted to about $167 millions in 1928 was reduced to about $85 millions in 1929 and for the first four months of 1930 it amounts to about $98 millions. The lifting of the gold embargo did not, however, bring the anticipated revival of trade owing to world depression coupled with internal trade conditions. There has been a large efflux of gold following the lifting of the embargo, and it is estimated that as much as 225 millions yen in gold have been lost to Japan.

Japan's sufferings from the world trade depression were increased by the Government of India's imposition of a 5 per cent. extra duty on all imports of foreign piecegoods, coupled with the Indian Congress boycott of foreign cloth. Her exports of cotton piecegoods and silk to India, which totalled Rs. 15·25 crores during the first eleven months of 1929, dwindled to Rs. 9·94 crores during the same period of this year.

The Bank of Japan on 6th October lowered its official minimum rate to 5·11 per cent. from 5·48 per cent., a level at which it had stood since October 1927. Though the lower bank rate was generally welcomed, it failed to bring about any material improvement in general trade conditions.

Australia.—Australia, like all other agricultural countries, suffered acutely from the world trade depression. The steady flow of borrowed capital from abroad in conjunction with high tariffs had over a period of years been the cause of a continued rise in prices, which in turn resulted in a continuous rise in wages and artificial prosperity. The fall of nearly 50 per cent. in the price of Australia's prime products, wool and wheat, coupled with restricted foreign demand, created a difficult financial situation in the country. The Australian Government was faced with the problem of providing means for the payment abroad of interest on external debt and for the repayment of maturing loans. The annual requirements for loan, interest and services amount to about £36 million. In previous years the Commonwealth and State Governments had been in the habit of borrowing considerable sums abroad and had therefore no difficulty in finding exchange cover for their external obligations. This year, however, it was impossible for Australia to raise new loans in New York and London. A way out of the difficulty, however, was found. A

foreign exchange pool was formed in London on which the services of the Australian external loan were to be the first charge. The Australian commercial banks in their turn undertook to find sterling exchange for £36 million a year in London against the payment of a like amount by the Federal Government into a special account to be opened with the Commonwealth Bank of Australia. The Bank of England agreed to help in providing for repayment of maturing debts during 1930. The adverse economic situation was reflected in the heavy discount of 10 per cent. on the Australian pound.

There is no reason to despair of the situation in Australia. It is, however, of paramount importance for the peoples as well as the Government of Australia to realise that so long as the country has to depend entirely upon borrowed capital for its industrial and commercial advancement, thus increasing external obligations, it will not be an easy matter, in view of the low commodity prices and reduced foreign demand, to meet these obligations. Labour in its turn must realise that industry cannot afford to keep the level of wages unaltered under the existing abnormal conditions. The standard of living will have to be lowered to accord with the economic conditions prevailing in the country. A cut in the administrative expenses of the Government would also help the situation. Measures on these lines were decided at a Conference of State Premiers attended by Sir Otto Niemeyer, who was asked by the Federal Government to give expert advice.

A bill to establish a Reserve Bank in Australia was introduced during the year, and was an attempt to put an end to a long standing anomalous situation. The Commonwealth Bank, which functions as the Central Bank, is a trading bank and a competitor of commercial banks and as such cannot be regarded as a Central Bank in the real sense of the word. Perhaps the institution of a Reserve Bank on sound lines will help Australia out of her present grave economic position.

Canada.—Canada has suffered less than other countries from the world trade depression owing to her conservative economic policy. Her wheat crop, the accepted index of Canadian prosperity, was fairly good being about 150 million bushels larger than the exceptionally small 1929 crop, but about 100 million bushels smaller than the record 550 million bushel crop of 1928. The prevailing low prices and restricted export demand considerably reduced the income of the country. On the whole, however, trade was fairly well maintained and the country's credit continued high in view of its basic soundness. If commodity prices show a material improvement in the coming year, Canada, being mainly agricultural, will realise better rates for her products. One notable feature is the marked increase in the output of gold. From 28,813 kilograms in 1921 production had increased to 59,947 kilograms in 1929. The rate of increase was apparently continued in the past year and it seems likely to continue for some years to come, to replace in part the apprehended falling off in South African production.

South Africa.—South Africa has not suffered unduly from the slump in world prices, since her main industry, gold production, continues to thrive. In fact, there was a scramble for gold whenever it was offered in the open market and in many instances high prices were obtained.

South Africa still occupies first place among the gold producing countries In 1928 the output of gold (Transvaal and Southern Rhodesian fields) amounted to 10,934,708 fine ounces, in 1929 to 10,974,878 fine ounces and in 1930 to about 11,266,500 fine ounces.

India.—The year under review was one of acute commercial depression, declining commodity prices, weak markets and political chaos. Towards this state of affairs both world and internal factors contributed. The monsoon, upon which India largely depends for her agricultural produce, was on the whole seasonal and plentiful. Trade during the first quarter was almost normal, but during the rest of the year it was considerably curtailed owing to lack of foreign demand and the fall in local consumption.

In any review of trade conditions in India during the latter part of the year, economic factors cannot be divorced from politics. The resolution passed by the Indian National Congress at Lahore in December 1929 laid down that their policy henceforth should be the attainment of complete independence, and to that end the Working Committee was authorised to draw up a plan of civil disobedience to be enforced as and when they thought fit. The Committee decided to put into effect the resolution passed at Lahore by a campaign of non-payment of the salt tax. A series of similar items of civil disobedience, including non-payment of land revenue and the breaking of various laws of the land followed, while a vigorous campaign of boycott of foreign goods was undertaken. Government's policy was violently attacked both in the press and on the platform. Several attempts were made to bring about a compromise, but the extremists turned them down categorically and often treated them as signs of weakness. At last, in order to combat the movement which threatened to be serious and at the same time violent in certain parts, several Ordinances giving emergency powers to local governments and the police were issued by the Governor-General. The first was enacted on 19th April and by 10th October they numbered nine. On 24th December two more Ordinances were promulgated, both of which were the revival in a modified form of lapsed ordinances.

Several political leaders of the Congress party were arrested. Eventually Congress organisations were declared unlawful bodies in many parts of India, but this did not deter the Congress party from pursuing their programme. The movement became more intense and widespread than that of 1920. Although it found active expression during the current year, there is no doubt that there had been a widespread awakening of national consciousness for the several years past. Indians felt that their self-respect was injured by their status; discontentment had been growing among industrialists at the attitude adopted by Government in regard to Indian industries; the cotton industry which might well have been protected a decade ago got protection only during the current year. India felt that she had been treated as a dumping ground for foreign manufactures, and that restriction on the entry of foreign goods, even if they unfairly competed with indigenous manufactures, was undertaken too slowly.

Efforts were made with the consent of the Viceroy during August and September by two Indian political leaders to come to some understanding with the Congress leaders in jail and to induce them to attend the Round Table Conference in London with the object of evolving a scheme

for the constitutional advancement of India. But these well-meant efforts failed and a delegation comprising all other interests and parties in British India and representatives of the Native States, totalling 68 members, went to England at the end of October to meet in Conference with the representatives of the British Parliament. The Conference was opened on 12th November by His Majesty the King Emperor and after a short plenary session it divided itself into committees to tackle the various problems of constitutional reform in India. The Committees have already made good progress and it is sincerely hoped that whatever the form of Government, whether Federal or Unitary, a constitution will be evolved satisfactory to all interests and for the well-being of India. The constitution must be one that will work and give proper representation to all interests. There is a complete unanimity on the grant of Dominion Status to India, the only question at issue being the scope and nature of the transitory safeguards.

The Round Table Conference will conclude within a month and it is sincerely hoped that the British Parliament will follow up their recommendations both in letter and in spirit. An Act embodying a liberal constitution for India is imperative since this alone can put an end to the present discord and disturbances throughout India. Stress must be laid on the necessity of immediate granting of complete fiscal autonomy and the transfer of finance to popular control subject to the formation of a Reserve Bank free from political elements. Apart from Imperial Preference, which is calculated to benefit both India and Great Britain, there should be full freedom of fiscal action. It is equally essential that the Indian Legislatures should be empowered to enact laws for the benefit of India's trade and industry. Insistence should also be laid on the provision of measures for reduction in the expenditure on Defence. In this connection it may be pointed out that the Simon Commission in their report and the Government of India in their Despatch recommended that the Imperial Government should contribute something towards military expenditure in this country as an Imperial charge. A reduction in expenditure coupled with a substantial contribution from the Imperial Government should go a long way towards the financial improvement of this country. It is to be hoped that the Round Table Conference will lay full stress on this point and obtain the much desired relief.

Government finances in India have suffered in common with those of other important countries. This is clear from the estimated budget figures for 1930-31, in which the Government of India had recourse to extra taxation in order to meet the anticipated deficits on last year's basis of taxation. The new taxes are expected to realise about Rs. 6 crores and their incidence was so well distributed that they aroused little criticism. In fact the duty on imported cotton piece-goods was viewed with favour, since in addition to providing revenue for Government it promised much desired protection to the industry. However laudable may be the object of extra expenditure for which extra revenues are needed, it must be pointed out that the expenditure side of the Government of India budget needs a thorough overhaul. Government have wisely decided not to undertake any new schemes involving heavy capital expenditure, but this solves only a part of the financial problem. What is really required is a solid cut in working expenditures, especially on Military and Civil administration. The Financial Assessor to the Statutory Commission, Sir Walter Layton, also recognised the importance of reducing the existing expenditure and the heavy

financial burden of the army. He suggested, however, that the amount required for nation-building services was so large that in addition to a cut in expenditure, additional resources must be found if India was to make satisfactory progress socially and economically. Sir W. Layton cannot be said to be unmindful of the poverty of India, since he brings it out clearly in his report. It is therefore strange that he should have recommended extra heavy taxation. His suggestions regarding the levying of terminal taxes in Provinces and the reduction of tariffs, at the same time increasing excise duties on a few items, do not appeal to the general public. One important and useful suggestion is the change he recommends in the administration of the Income-tax Act, whereby incomes earned abroad may be subjected to income-tax and super-tax. This will not only increase the revenues of the Government, but will check the highly undesirable flight of rupee capital abroad. On the whole it would have been better if Government had appointed a small committee to investigate this all important matter instead of leaving the work of proposing financial reforms to one individual little acquainted with local conditions.

As a consequence of the serious political turmoil and disturbed international trade conditions, India's trade was greatly hampered during the past year. Our exports declined both in bulk and in value; in bulk owing to a decrease in foreign demand for our products, and in value owing to the serious fall in the prices of staple products. The price of cotton at about Rs. 180 per candy is almost half the highest price obtained last year, while the price of wheat is lower than pre-war level. Government were quick to realise the difficulties confronting exporters of wheat and reduced the freight rates from the Punjab to the port of Karachi by about 40 per cent. In the case of cotton, while they recognised the need for a reduction in freight rates to ports they were unable to extend the desired help owing to the financial loss which the Railways had already suffered. It is, however, still desirable that Government should find means to give some relief to the cotton trade, without at the same time seriously affecting railway finances, although everyone realises that measures such as holding up of stocks at artificial prices are out of the question. These have been tried in the United States and elsewhere and have proved ruinous and ineffective in the face of world conditions. As a predominantly agricultural country, whose main exports are cotton, jute, wheat, rice and oilseeds, India has felt to the full the adverse effects of the commodity price slump. The purchasing power of the rural masses has been seriously curtailed. Yet there is one bright spot in the picture. Food is both cheap and plentiful owing to good crops and low prices, and there is no fear of starvation. The jowari crop, for example, is so abundant in some parts of the country that the people are feeding their cattle on it.

On the industrial side, it is pleasing to find that labour troubles have almost ceased. There were no serious strikes or long stoppages in any industry. There were, however, interruptions due to political influences, so much so that several cotton mills had to stop working owing to large accumulations of stocks. The cloth trade of the country was disorganised by " hartals " or abstention from business ordered by the Congress, and by determined efforts to stop all sales of imported cloth. The worst features of disorganisation were overcome, and towards the close of the year most of the mills were able to reopen, but in Bombay the boycott of foreign cloth was vigorously maintained and led to frequent disturbances. Other things being equal the imposition

of an extra import duty and wide use of " swadeshi " (home made) cloth should have benefited our cotton industry considerably. But the results so far have not been very encouraging. What really is required is a thorough overhauling of the industry, particularly in Bombay. The Merger Scheme which has been set on foot by one of the largest millowners in Bombay may go a long way towards remedying the inherent defects of the industry. Production would automatically become regulated to the demand and there would be no necessity to resort to price-cutting. A single powerful unit would be able to impress on Government the need of protection from foreign dumping. The Managing Agency system, which has outlived its usefulness, should be replaced by representative board of management for each mill or group of mills, with full-time paid managers.

The jute industry has shared the same fate as cotton. Foreign demand was very small during the year and the consequent accumulation of large stocks caused prices to decline to very low levels. Steps have already been taken to curtail production by reducing hours of work and by stopping the working of the mills entirely for one week every month. With the monopoly that the jute industry enjoys and the efficient manner in which it is managed, it may confidently be expected that with the return of normal times the industry will be the first to regain its former position.

The Royal Commission on Labour and the Banking Enquiry Committee, which started their work last year, continued their deliberations throughout the current year and expect to finish soon. A Committee of experts, consisting of six eminent foreign bankers, has arrived to help the Central Banking Enquiry Committee now sitting to formulate a scheme for the encouragement of banking habits and facilities in India. The results of this enquiry are awaited with interest by the commercial community and the general public.

Money.—Unparalleled conditions obtained in the money market, although judged by the call rate money was more stable this year than last. During the first half of the year, the inter-bank call rate remained in close proximity to the bank rate. During the monsoon months, however, the gap grew much wider with the call rate ranging between 2 to 2½ per cent., while the bank rate stood at 5 per cent. From mid-November to the end of the year there was a slight improvement in the rate to 3 to 3½ per cent. on the raising of the bank rate to 6 per cent. on 20th November, 1930. It may be pointed out in this connection, that while funds were cheap during the latter half of the year, they were none too plentiful. None the less the trade demand was so slow that the Imperial Bank did not find it necessary to borrow against Inland bills at any time during the year. It may be noted that the bank rate this year did not go over 7 per cent. and was at this level only for the first quarter as against more than four months at or above this level during the preceding year. The average bank rate for the year under review was 5·887 as against 6·323 in 1929.

The inter-bank call rate cannot be reckoned as the barometer of actual conditions of trade and the money market. During the slack season, the call rate is usually much below time

money rates; during the busy season, while the call rate remains very high, time money as a rule commands comparatively lower rates. In October, although call was quoted at about 2 per cent., three months' fixed deposit rate stood at about 4 per cent. In February, on the other hand, while call stood at about 6 per cent., three months' time money did not realise better than 5 per cent. In fact India's trade is so extremely seasonal that one stable rate throughout the year would hardly be feasible. The explanation of the narrower gap between the call rate and the bank rate during the current year may be found in the continuous sales of treasury bills. Three months' bills were sold steadily both by tender and on tap except for a small break of about three weeks from 25th July to 12th August, when their sale was temporarily suspended to facilitate subscriptions to the new Rupee Loan. The total amount of these bills sold during the year was Rs. 47·17 crores by tender at rates ranging between Rs. 6-7-11 and Rs. 3-13-2 and Rs. 58·88 crores on tap at rates ranging between Rs. 99-1 and Rs. 98-6-6. Six months' bills were available at rates fixed by Government from time to time up to 5th March, absorbing Rs. 3·40 crores up to that time, when their sale was suspended. Nine months' bills were invited by tender instead, and their issue was welcomed by the market as it provided a favourable channel of investment extending over the whole of the slack season. Large quantities of these bills were sold till the beginning of May, when applications began to dwindle and on 27th June Government announced the suspension of their sale. The total sale of these bills by tender and by intermediate issues amounted to Rs. 6·47 crores. Sales of six months' bills were reintroduced from 12th August and cotinued right up to the end of the year, aggregating Rs. 26·25 crores. The total of all classes of issuance during the year amounted approximately to Rs. 138·78 crores, while the opening and closing balances were about Rs. 35 crores, and Rs. 57 crores respectively.

Such large borrowing by treasuries was not required for the actual financing of Government requirements, and was primarily intended to remedy the abnormal conditions that prevailed. But even this large and continuous withdrawal of surplus funds from the market, in addition to the short-term borrowing of about Rs. 30 crores in August, was insufficient to help the situation in the country materially. Government contracted currency to the extent of Rs. 37 crores, Rs. 3 crores being against sterling assets and Rs. 34 crores against rupee securities. In addition, about Rs. 3 crores (equivalent of £2,323,491) were contracted against sales of sterling. These large contractions were necessitated by the continuous decline in the prices of India's staple products aggravated further by the fall in foreign demand.

The serious political disturbances and the propaganda of the Congress regarding repudiation of at least a portion of the public debt caused an unprecedented flight from the rupee. Genuine investors remitted large amounts abroad irrespective of returns. In fact while India Government bonds were giving an average yield of nearly 6 per cent. in this country, bonds of foreign Governments hardly yielded more than 4 per cent. It is estimated that during the year about Rs. 30 to Rs. 40 crores of Indian money have been invested abroad. It was partly to meet this abnormal situation that Government were obliged to borrow by treasury bills and to have recourse to contraction on such a large scale. It may be noted, however, that contractions were partly offset by a continuous influx of rupees into the currency chest prompted to some extent

by the desire to replace coins by silver bullion at the present low level. Furthermore, East Africa, Iraq and the Persian Gulf, influenced by the heavy fall in the price of silver, exported rupees to India. A large number of rupees was also returned in Ceylon owing to the slump in the rubber and tea trade. The total number of rupees thus returned from all sources aggregated Rs. 22 crores. In spite of this, the currency and credit situation was kept well in hand, though Government had to pay a slightly higher rate on their borrowings. An extraordinary feature was the borrowing by Government from the Imperial Bank instead of the Imperial Bank borrowing from them. Government borrowed Rs. 5 crores during December for Ways and Means advances from the Imperial Bank of India. Government had to work on comparatively smaller balances owing to currency contractions and the fall in their revenues both at the Centre and in the Provinces. Railway earnings also showed a recession and His Excellency the Viceroy's speech at the opening of the Associated Chambers of Commerce may be recalled wherein he referred to the loss of Rs. 7 crores already suffered by the railways owing to reduced movement of crops. The rupee sterling rate was maintained above the lower gold point, although sales of sterling aggregating £2,323,491 had to be effected during the last quarter of the year.

The various steps which Government had to take to combat the highly abnormal conditions of the year aroused criticism. Although the various operations that were conducted lay fully within their scope owing to their peculiar position as the sole currency authority, they had to conduct their operations in the full glare of publicity. To-day the country is in the midst of political excitement and every action of Government is suspected by a certain section, but when normal times are restored it will be realised how ably and with what firm determination they have preserved the credit structure of India from a breakdown. Financial operations which in other countries are conducted by Central Banks and pass unnoticed are in India dragged into the public arena and subjected to political feeling. When India is fortunate enough to have a strong Reserve Bank to take over the control of currency and credit from Government, not only will the country benefit by the advantages peculiar to Central Banking, but Government will no longer be the target of unfair public criticism. The Financial Assessor stressed the immediate necessity of the formation of a Central Bank and the Government of India have not failed to recognise this fact. It is to be hoped that the new constitution will include the much needed Reserve Bank framed on sound lines.

Government Securities.—The gilt-edged market continued its downward trend and there was an average fall of one per cent. from the opening rate of the year. The reasons accounting for this slump are manifold, the chief among them being (1) the political agitation in the country, (2) the continued sale of treasury bills and (3) faults in the Income Tax Act.

The Lahore Congress laid down that the whole of the Public Debt of India should be referred to a Special Tribunal to ascertain what portion of it was not incurred for the benefit of India, with the idea of the repudiation of certain commitments. This naturally gave rise to a feeling of uncertainty, resulting in a flight from the rupee on a vast scale. The first effects of the loose talk of repudiation were felt in London, where India sterling stocks declined sharply, leading

to a reaction in the local market. Investors in London were somewhat apprehensive, but their fears were allayed by the publication of a letter from Sir Arthur Hirtzel of the India Office stating that India sterling stocks though they were not guaranteed by the British Government, were issued under the authority of an Act of Parliament and were treated in just the same way as those of other British Dominions. At the same time he gave an assurance that "His Majesty's Government had no intention of allowing a state of things to arise in India in which the repudiation of debt could become a practical possibility, and that it is inconceivable that in dealing with any constitutional change in India, Parliament could fail to provide for safeguards against a breach of the conditions under which these loans have been issued." In spite of these assurances and the repeated warnings given by the Government of India that loose talk of repudiation was harmful to the credit of India, the Congress were not deterred from carrying on their propaganda in this direction. As a direct result Government had to pay unusually high rates of interest on the various loans raised in London and also on the rupee loan issued in India. Three sterling loans aggregating £25 millions were raised, all at 6 per cent. rate of interest. The rupee loan also was raised at the same rate of interest, but Government wisely left open the amount which could be accepted although they set a time limit within which applications would be received. Despite the efforts of the Congress to boycott this loan, Government were able to realise as much as Rs. 30 crores, including conversions. A novel feature of the loan was the interest evinced in it by small investors. Owing to this fact the loan, immediately after the subscription list was closed, went to a premium and within less than a month the premium had risen to about Rs. 1-8-0, although as the year closed there was a seasonal recession.

As already stated, owing to abnormal conditions Government were obliged to issue treasury bills of various usance almost continuously throughout the year, thus diverting surplus funds from the long-term investment market. During the first half of the year the average yield on treasury bills was near 6 per cent. and this compared favourably with the average yield on long-term stocks. During the third quarter, however, when the return on treasury bills eased below 4 per cent., there was some activity in the gilt-edged market and a fair turnover was reported. Towards the close of the year the market was again neglected owing to increased returns on treasury bills, combined with steadier money.

A reduction of four annas for every Rs. 10 in the rate of Post Office Cash Certificates also accounted for a portion of the comparative dullness in Government securities towards the latter part of the year.

A reference was made last year to defects in the existing Income Tax Act which induced large investment of funds abroad. Under the existing rules incomes earned abroad and accumulated there for over three years are exempt from Indian income and super taxes. This gives a definite advantage to Indian investors in foreign countries at the expense of the local market, and means to India the loss of capital of which she is in urgent need. Sir W. Layton, the Financial Assessor to the Simon Commission, has recommended the necessary changes in his financial reforms. It is hoped that as soon as political excitement cools down and confidence restored among the investing public and when the suggested amendment in the Income Tax Act has been made

activity in Indian securities will be revived. Not only will it be unnecessary for Government to borrow its requirements abroad, but capital will also be found for the extension of the country's industries. In such circumstances large borrowings by way of treasury bills will not be required.

Exchange.—The stability of sterling exchange depends largely on trade conditions and the monetary situation in the country. Both these factors were highly abnormal during the past year, and difficulties were increased by the revival of political agitation against the statutory ratio which affected the rate of sterling exchange adversely. In fact the rate never reached the statutory level of 1*s.* 6*d*, although at the same time it was not allowed to break away from the lower gold point of 1*s.* $5\frac{13}{32}d$. During the first quarter of the year, when money rates were steady, sterling exchange was maintained between 1*s.* $5\frac{15}{16}d$. and 1*s.* $5\frac{13}{16}d$. During the remainder of the year, however, the market rate stood at or about the level of 1*s.* $5\frac{3}{4}d$., though occasional business was done at slightly higher rates. A fair amount of 'budla' business passed almost continuously throughout the year for investment of funds in treasury bills. In the forward market, business was largely confined to speculative purchases, trade demand being negligible. Towards the close of the year, however, a feeling of confidence was restored, occasioned by the speech of the Hon'ble Sir George Schuster, the Finance Member of the Government of India, at the Bengal National Chamber of Commerce. Sir George Schuster stated that he considered any alteration in the exchange value of the rupee "an act of repudiation, an act which would so severely shake India's credit that no one who really had India's interests at heart could contemplate it for a moment." This reassurance was timely in view of the existing state of affairs. Some of the speculators reduced their overbought position, but genuine business could not expand owing to lack of exports. To keep the ratio issue alive now is very harmful to the interests of the country at large, as nervousness created by loose talk makes it difficult for Government to maintain the ratio without having to pay for it. No one has proved, not even by imaginary data, that a return to 1*s.* 4*d*. would necessarily bring undreamt of prosperity to India and enable the Government to secure their sterling requirements without any difficulty.

Government found it more difficult this year to effect remittances to the Home Treasury to meet the requirements of the Secretary of State. This was not so much due to shortness of supply, as to unwillingness on the part of holders of funds to sell sterling. This is evident from the figures of trade, which, though shrunk considerably in volume, left a favourable balance slightly under that of last year. The aggregate volume of trade suffered by Rs. 135·40 crores, but the favourable visible balance of trade was only Rs. 8·42 crores less than last year.

Government invited tenders for the purchase of sterling on 19th February, abandoning the system of discretionary purchases which had been in vogue since May of last year. The first tender was for £500,000 but the amount varied from time to time according to the condition of the market till eventually tenders were suspended from 4th June, a total amount of £5,865,000 having been secured. Government remained entirely out of the market till the 23rd October, when they once again invited tenders, the amount fixed being £500,000. At the first auction £25,000 was bought at 1*s.* $5\frac{13}{16}d$. In the following week all tenders were rejected and in the two succeeding

weeks Government were able to secure a total of £650,000. On 19th November no tenders were received, and Government decided to suspend inviting them. The total purchases for the calendar year amounted to £6,540,000 and for the first nine months of the fiscal year to £5,395,000.

Government adopted several measures to overcome the difficulties which confronted them in their remittance programme. Treasury bills were put on the market and sold almost every day. Large contractions of currency were made, but these also failed to achieve the desired object. In fact Government had to sell £2,323,491 sterling to the market during the last quarter. Securities held in London, which amounted to Rs. 72·95 lacs on 26th July when the first sale was effected, had increased to Rs. 2·22 crores on 15th November as a result of sales of silver, but were reduced to nil by the first week of December, having been utilised to meet sales of sterling. In addition about Rs. 54 lakhs of securities were borrowed from the Gold Standard Reserve in England, against which gold for a like amount was earmarked in India by a transfer from the Paper Currency Reserve. Government borrowed £25 millions by raising three sterling loans, each at 6 per cent. interest and also arranged a temporary advance of £5 millions from the Imperial Bank of India in London to be repaid between January and March 1931. The total amount of funds put into the hand of the Secretary of State, both by borrowings and by remittances from India, aggregated about £37 millions. Out of this, £12 millions were utilised towards the payment of maturing India sterling bills and £5 millions will have to be repaid to the Imperial Bank before the close of the fiscal year, thus leaving a net balance of £20 millions with the Secretary of State against budgetted expenditure of £31·8 million, excluding the purchase of the Assam Bengal Railway. Government have indeed shown great foresight in postponing the purchase of this railway and it is sincerely hoped that they will not undertake any expensive projects requiring funds in sterling till times are normal and remittances can be arranged with ease. The amount required to be remitted between now and the close of the fiscal year is nearly £10 millions.

It is a truism to say that the exchange ratio affects the balance of trade rather than its volume. Our trade balance is Rs. 45½ crores for 1930 as compared with the pre-war average of Rs. 22 crores, when the value of the rupee was 16*d*. Allowing for the difference in the index number of prices of about 16 per cent., the visible balance this year is almost double that for 1913. This proves completely how futile is the agitation for a reversal of the rupee ratio. Under the peculiar conditions of the year Government would have had to buoy up any ratio, and the methods employed are the same as those used by currency authorities all over the world under abnormal conditions.

The suggestion made by the Simon Commission and supported by the Government of India Despatch that the Imperial Government might bear a certain portion of the Indian military expenditure in England, if accepted, will go a long way toward alleviating the pressure on the Government's remittance programme. Should the Round Table Conference succeed in its mission and confidence be restored, it should not be a matter of surprise if Government were able to secure large amounts of sterling in the months to follow. Although the prices of India's staple products are low, their volume is abundant and as soon as foreign demand revives sterling funds will become available. Besides, imports have declined in greater proportion than exports. When once conditions become more stable, speculators will unload their overbought positions. Stocks of gold and silver

are fairly large and in view of the low level of commodity prices no large imports of precious metals may be expected. The combination of the above factors suggests a feeling of restrained optimism with regard to the future of Exchange.

Gold.—Although gold engaged the attention of all the well-known economists of the world and there was a regular scramble for the metal resulting in extraordinarily large movements, the speculator in India took little more than an ordinary interest in events. The year opened with a firm market and the price rose to as high as about Rs. 22 per tola in the third week of March, a level which was above Government's minimum selling rate of Rs. 21-11-9. The strength was largely due to the technical position in the market and the declining tendency of sterling exchange. The demand dwindled to some 7,000 tolas by the end of May and in the meantime large stocks had accumulated, amounting to some 5 lakhs tolas. The price of ready gold fell persistently, reaching Rs.21-5-6 per tola by the end of June despite the weak sterling exchange, which stood almost at the lower gold point. During July, however, there was a good demand for the metal from Calcutta with the result that the price of ready rose sharply, touching Rs. 21-9-3 per tola. Nearly 1½ lakhs tolas were railed upcountry; but since stocks were large, prices receded as sharply as they had risen after this demand was satisfied. The Congress carried on a vigorous propaganda for the purchase of gold and some demand was created from upcountry which lasted up to mid-August, ready rates being maintained at about Rs. 21-7 per tola. In India the demand for gold varies largely with the degree of prosperity of the populace and in view of the serious fall in the prices of staple products, which reduced the surplus in the hands of the ryots, and which was particularly marked during the latter half of the year, there was a natural fall in the demand from upcountry. In point of fact large quantities of gold and gold ornaments were sold in Bombay and large stocks accumulated in all the important centres. The position was anomalous; the price of ready reached the low level of Rs. 21-4-6, about 9 pies higher than the Government's statutory buying rate, and justified only if the rate of sterling exchange stood near the upper gold point. In fact sterling exchange rarely receded from the lower gold point during the latter half of the year. There were no fresh imports of any magnitude between August and December, although these were more than counterbalanced by the extensively large arrivals between March and August, which amounted to some Rs. 10 crores out of the total yearly imports of Rs. 15·74 crores.

The vast movements of gold to and from various important countries in 1929 were generally attributed to the boom on the Stock Exchange in America, but this year movements were no smaller despite the crash last Autumn. Perhaps it would be right to say that they were much larger. France has been the chief absorber of gold and during the current year the Bank of France has increased its gold stocks from 42,433,625,000 francs to 53,736,958,000 francs. The trade depression that has swept the world is in many quarters attributed to the sterilization of gold by France and America. It is confidently hoped, however, that the Bank of International Settlements which is now an accomplished fact will tend to regulate the exchange of important countries participating in it within defined limits and restrict as far as possible any large movement of gold, thus performing one of the prime functions for which it was created. It has been suggested by various economists that the

world supply of gold is seriously threatened with shortage within a few years, and that in order to maintain economic equilibrium it will be necessary for the Central Banks of the world to exercise rigid economy in its use and not starve the currencies of the gold standard world by grabbing unnecessarily large amounts of the metal. Co-operation among those countries that have increased their gold holdings much beyond their requirements is essential and it is sincerely hoped that no time will be lost in the realization of this ideal.

India's gold requirements during 1931 are expected to be much smaller owing to the fall in commodity prices. In addition to this, an important factor is the already large accumulations of gold in various upcountry centres.

Silver.—Silver continued its downward trend this year in a more pronounced way than ever. While there was a drop of 19 per cent. from the opening rate in 1929, there was a fall of as much as 30 per cent. in the past year, breaking all previous records. The price of Rs. 48 reached on 30th December 1929, was the lowest then within living memory. But in less than two months the price had fallen to Rs. 46-14. At this juncture the fall was arrested owing to the usual pre-budget activity in India, which was further accentuated by the anticipation of an import duty. Ready silver was in keen demand and the offtake grew out of all proportion, as much as 11,000 bars being railed upcountry during February. A substantial premium was created on ready, the price of which reached Rs. 48-14 prior to the actual announcement of the duty of four annas per ounce, which was to come into force from 1st March 1930. It may be pointed out that a similar duty was in force prior to 1920. Following this announcement, prices registered a rise and a steadier tone prevailed in the market. By the end of April, the price of ready reached Rs. 57-4 including Rs. 9-6, the amount of duty per 100 tolas. Foreign markets were, however, inclined to be easy, which led to a slump in the local market. In London the price, which was maintained at the level of 19½*d.* upto the end of April, declined to as low as 17 $\frac{7}{16}$*d.* at the end of May, which constituted then the lowest rate on record during the past century. In Shanghai the tael, which stood near 1*s.* 11*d.* at the end of April, declined sharply to 1*s.* 7 $\frac{1}{16}$*d.* by the end of May. In the local market ready silver broke by as much as Rs. 7 per 100 tolas, reaching Rs. 49-14 on 30th May. The fall continued throughout the remainder of the year, barring temporary reactions. In June a record low price was reached, only to be beaten again at the close of the year. In London the price fell to 15 $\frac{7}{16}$*d.* on the 24th June with the tael down to 1*s.* 5 $\frac{11}{16}$*d.* and the price in the local market reached Rs. 44-9, including duty.

The fall was so serious that the Chinese Government prohibited by a decree the importation of silver coins and the export of gold from China. The imposition of these restrictions had the desired effect. Not only was the fall arrested but there was a definite upward movement, the tael reaching 1*s.* 8*d.* by the end of September. The prices in London also improved steadily, reaching 17*d.* by the end of September. These low prices induced a good demand and the offtake in Bombay rose gradually, reaching 360 bars a day towards the end of June. Stocks were reduced to about 2,400 bars. Forward business, however, was considerably hampered by political disturbances in the country and by the contemplated changes in the then existing rules of the Bombay Bullion

Exchange, prompted by political motives. In fact although the August settlement had already opened no business was transacted till after the changes in the rules had been made. The resolutions embodying these changes were actually passed in the first week of July and were to take effect from the 23rd September settlement. The amended resolutions provided that only those silver bars of 996-999 fineness either refined in America or cast, assayed and numbered in H. M.'s. Mint in India shall be tenderable in settlement. In case of a corner the vendor will not be liable to pay damages at a rate higher than Rs. 1-8-0 per 100 tolas over the market price on that day for the next settlement (formerly Rs. 3-8-0) and the purchaser will not be entitled to demand damages at a rate higher than Rs. 1-8-0 per 100 tolas over the quotation for the next settlement. No member of the exchange shall order out silver from London or British Bank gold bars and shall not sell the same either as ready or forward. No member shall enter into new transactions for Shravan (14th August) settlement except for the fulfilment of transactions entered into previously.

These resolutions, which were entirely inspired by political sentiment, were impracticable and proved detrimental to the best interests of the market. Shipments were still made from London, but on a comparatively small scale owing to the restrictions placed on them. The trade was considerably curtailed being to some extent diverted to other ports at which no restrictions existed. It was not possible to import silver bars from America with the same promptitude as from London owing to the lack of a regular shipping service, as well as to the absence of a regular and well organised market. Great caution was exercised and business of a hand-to-mouth nature was transacted upto the beginning of November. Prices moved within narrow limits except in mid-August when movements were fairly erratic following the sale of 15 million ounces in London by the Government of India for shipment from Bombay to China, and payment in London. Other important markets remained dull, the tael ranging between 1*s.* 7*d.* and 1*s.* 8*d.* and the price in London between $16\frac{3}{16}d.$ and $15\frac{5}{16}d.$ The offtake in the local market, which had been falling gradually reached the very low level of 45 bars a day during October with the result that stocks on hand had swollen to 5,000 bars.

Trade conditions in China were very bad and imports were far in excess of exports, with the result that silver had to be sold to meet payments. The price of the tael declined persistently throughout November and December reaching 1*s.* $4\frac{7}{8}d.$ on 31st December and breaking all previous records. In London the price fell to $14\frac{7}{16}d.$ for ready, constituting the lowest on record during the period for which data are available. In the local market ready silver, which stood at Rs. 48 at the beginning of November dropped to Rs. 43-4 on the 19th December. Towards the end, however, there was a slight betterment owing to the technical position of the market which was further accentuated by totally unfounded rumours, emanating from Calcutta to the effect that Government contemplated enhancing the duty on silver prior to the Budget. As a consequence ready reached Rs. 44-3 per 100 tolas and commanded a premium of about Rs. 1-8-0 over February settlement. The foreign markets were unaffected and inclined to be easy.

Sales of silver by the Government of India in London were not generally expected since it was believed that if sales were necessary, India would be given the first preference. It may be recalled here that the Finance Member in proposing the imposition of a silver duty in his

Budget speech emphasised "that Government owing to their possession of surplus stocks of silver and the erection of a new refinery in Bombay had got into the position of being themselves important producers of silver. Our proposal therefore has the incidental advantage of providing Government with a protected market for their produce." It is strange therefore that in spite of having a protected local market, Government should have elected to sell a part of their surplus stocks in an unprotected market. It may be contended that prices would have been depressed if silver sales of this magnitude had been conducted in India; but experience has clearly shown that it is not so much the place of sale as the fact that Government have sold that causes depression. The attitude of Government in ignoring from time to time the Indian market, which is now a protected market, is highly resented by the trading community. It need hardly be emphasised that when future sales are contemplated the home market should certainly be given the preference.

The total sales by the Government of India for the calendar year are estimated at 25,345,681 standard ounces.

Among the causes that have led to the continuous fall in the price of silver, the following would appear to be important :—While the world production of silver is maintained, consumption has fallen. The production has been augmented by large sales of surplus stocks of silver by various silver using countries, as for example, French Indo-China, Persia and Iraq. The first among these has already adopted the gold standard and the other two are contemplating its introduction. India also has less use for silver and a part of the demand is met by sales of the Indian Mint refined silver through London. China, the largest silver consuming country, has of late bought less silver owing to bad trade conditions and heavy purchases in excess of requirements made in the past few years. The subsidiary coins of various countries are made of lower fineness than formerly since, when currencies are established on a sound basis, as they to-day are in most of the important countries, the smaller coins are of comparatively little importance.

The future trend of silver price on the whole will largely depend upon the course of general trade and production. When the present slump in world conditions is over it is to be expected that the price of silver will show some improvement. But it is doubtful whether the silver malaise can be properly cured until production is restricted. The world's total silver production in 1921 was roughly 172 million ounces. In 1925 it was 245 million ounces and in 1929, it had jumped to 256 million ounces. The figures for the current year are not yet available but they are not likely to show any serious decline, since Mexican silver mines are compelled by Government regulation to work even at a loss. Silver is produced mainly as a by-product and that factor has contributed to its heavy output. The annual consumption may be computed roughly as follows :—China 80 million ounces; India 70 million ounces; manufactures and coinage of other countries 60 million ounces; total consumption 210 million ounces. This leaves on the production figures for 1929 a surplus of 46 million ounces, to which must be added demonetised silver sold by various countries. These figures reveal the urgent need for restriction of output by America until the world demand substantially improves.

Regarding the support that India can give to silver, it is most difficult to prophecy and so long as banking facilities are not extended to the interior and crops are satisfactory and trade conditions favourable, the absorption of the metal on a moderate scale is likely to continue.

Shares.—The Stock Exchange experienced a most critical year in 1930. Values of all shares shrank to very low depths and the aggregate turnover was considerably restricted. There were no prolonged strikes in any industry this year, but even the measure of protection granted to the cotton industry did not help matters to any extent. Due to general trade depression, stocks of cotton piecegoods accumulated and grew so large that even the wide use of "Swadeshi" (home-made) cloth, for which vigorous propaganda was carried on by the Congress, did not improve things. While on the one hand Congress advocated the use of "Swadeshi," its activities in general hampered industry, and there were frequent closures of the mills. Prices in the share market were affected by these conditions in the industry. During the first quarter, the market was fairly active and prices on the whole were steady; cotton mill shares were particularly brisk following the imposition of the 8½ per cent. extra import duty on foreign piecegoods with the exception of certain grades imported from the United Kingdom. The effect, however, was short-lived owing to the political disturbances which had become acute at this stage with the result that local cotton piecegoods accumulated, and there were in addition considerable stocks of foreign goods imported prior to the imposition of the duty. Business on the stock exchange was subordinated to political considerations and the market was frequently closed owing to pressure from within as well as from without. The total number of days that the Stock Exchange remained open did not exceed 139. Bears took advantage of the situation and hammered down prices, not only of mill shares but of almost all scrips. The Committee, apprehending a crisis, decided on 11th July 1930, to close the market forthwith. Dealings in stocks on the forward list were prohibited even for cash and the only business allowed was in scrips ordinarily dealt in on cash terms.

The necessity for this abrupt action on the part of the authorities of the Stock Exchange was questioned in many quarters, and it was indeed unfair of the Committee to resort to this drastic measure without either consulting the members of the Exchange or taking the general public into their confidence. Resentment grew stronger and appeals were made to the Government of Bombay to interfere in the matter. This they eventually did. The Government of Bombay are to be congratulated on the firm stand they took in this connection and it is hoped that in their future policy trade and commerce will receive similar attention. The Committee were asked to open dealings in all shares without restraint on cash terms even if they still considered forward dealings to be against the interests of the market and the general public. The Committee, however, decided to open the market to forward dealings as well from 11th October, after having kept the market closed for fully three months. The settlement of accounts in connection with the October settlement was postponed to 21st to 24th November. All apprehensions on the part of the Committee which had prompted them to close the market proved unfounded and their decision to open the market to all classes of dealings, when given the option by Government to open only for cash dealings, was sufficient proof that their initial step was not justified.

Business in the market did not become normal on the reopening, but at least opened the way for genuine investors to modify their position. The prices of cotton mill shares after a temporary rally declined owing to the persistent fall in the price of raw cotton, which reached Rs. 176 per candy in December, the lowest price on record for several years past. The market remained quiet and easy during the remainder of the year. Shares in the miscellaneous group ruled dull to the finish.

It is deplorable that while cotton mills in the interior, particularly in Ahmedabad, have benefited by the "Swadeshi" movement and by the rise in the import duty, the mills in Bombay have worked at a loss. It never pays to subordinate trade to political sentiment because they stand on entirely different planes. It may be hoped that in future the Congress will interfere as little as possible with the normal working of industry. This does not however relieve the various interests in the cotton textile industry of their responsibilities. Here again it must be emphasised that a thorough overhaul of the industry is essential in order to meet outside competition. The contemplated merger of various mills in Bombay should go a long way to help the situation. The Managing Agency System is a burden too heavy for the Indian cotton industry to bear under present conditions and it should not be too much to expect some of the far-sighted agents to set an example by introducing the system of paid managers in lieu of managing agency on a commission basis. The salvation of Indian industries lies in the early realisation of this cardinal truth. It will not be out of place to mention here that while the total capital invested in 42 mills out of 81 in Bombay amounts to about Rs. 18·63 crores, only about 19 mills worked at a profit aggregating Rs. 76·38 lacs during the past year. Of this only about thirteen mills distributed dividends amounting to about Rs. 45½ lacs. The agency commission paid by 34 out of the above mills approximated Rs. 18 lacs. In the case of Ahmedabad, the total capital of 21 mills for which data are available, amounts to about Rs. 1·66 crores. The profits realised by these mills during the past year approximated Rs. 43·56 lacs. Rs. 19·15 lacs were distributed as dividends and as much as Rs. 17 lacs as Agency's commission chargeable on production irrespective of profits. A small balance of some Rs. 7 lacs between 21 mills was carried forward to the next year.

In other important groups of shares, special mention of the Tata Steels is necessary. While these formed the most active speculative counter in the previous year, comparatively small interest was displayed in them in 1930 owing to the bulk of Tata Deferred shares being held in strong hands. The Ordinary shares also were less active and their price fell heavily, unlike the deferred, which though quieter, were maintained. The industry itself has suffered from the general slump in trade and Government are extending to it further measures of protection. What, however, is more important is a reduction in the working expenses of the company and it is hoped that further retrenchment will be made in order that the industry may be able to meet outside competition even without a subsidy from the Government. Investors will then be encouraged to give support to the shares of the company.

The Cement group, owing to the peculiar position of this industry, did not suffer very badly. The Marketing Board regulated the supply in the best interests of the trade although the new companies which are not covered by the Board had to work at a loss.

Railway shares were weaker owing to the high rates of interest obtained on Government and other gilt-edged securities. There was a tendency to sell these shares to invest the proceeds in Government bonds. Bank shares also suffered for the same reason as well as from the anticipation of smaller profits during the year.

The rule authorising the Committee to fix a minimum price in case of a corner on the Bombay Stock Exchange has lapsed, and it is sincerely hoped that the Government of Bombay will not allow its re-enactment since the members of the Committee who have the power to operate this rule, are invariably personally interested in the business. The suggestion to drop it which was made in the majority report of the Atlay Committee, has been ignored hitherto merely owing to fear of opposition.

Indian Companies Act.—It was pointed out last year that the Indian Companies Act stood in urgent need of revision, but Government have so far taken no action in this connection. It was promised that immediately after the amendment of the Companies Act in England, steps would be taken to remedy the defects in the Indian Act, and now more than three years have elapsed since the British Parliament passed the amendments to their Act. It is hoped that no more time will be lost in amending the Indian Act so as to meet existing conditions.

Trade of India.—Our trade was exceptionally bad as a result of the break in prices of all prime commodities, aggravated by internal political unrest. The total volume of foreign trade dwindled to Rs. 470·01 crores compared with Rs. 605·41 crores in the previous year. On the industrial side, jute suffered from lack of foreign demand and the steel industry from a large reduction in the railway programme and in private construction. The cotton industry, excepting in a few centres, remained depressed despite vigorous propaganda for the boycott of foreign cloth, and particularly of all British goods. This is not surprising when one considers the fallacy on which the boycott movement is based. Figures will illustrate our meaning. During the six months (December 1929 to May 1930) India bought 11·53 per cent. of Britain's total exports and for the period June to November 1930, when the movement was at its apex, she bought 7·90 per cent. Assuming that the whole reduction during the latter half of 1930 was entirely due to the boycott campaign, these figures prove conclusively the futility of the movement as a political weapon. When one considers that the major portion of the decline was the direct result of general trade depression, the futility of the boycott becomes even more apparent. In her own interest India's slogans should be "support Indian industries" and "buy Indian goods." These represent a policy to which every Indian can subscribe, and they achieve the same results without the bitterness of feeling, dislocation of trade, interference with industry and breach of the peace which a boycott campaign of dictation and picketting causes. Attempted Congress dictation to the Bombay mill industry as to what they should and should not do and bans on the products of certain mills which refused to accept their command contributed largely during the latter half of the year to mill depression. The Congress leaders themselves realised their mistake, and the terms to which a large group of European-managed mills but with predominantly Indian capital finally agreed, were unexceptionable. Disturbed conditions due to Congress activities and trade

depression severely affected Government's finances and loans had to be raised abroad at high rates of interest. Even for internal loans and treasury bills Government had to pay about one half per cent. more than in 1929, these increased rates being due to the shock given to India's credit by the present agitation.

The prospects for 1931 are not too gloomy. Crops throughout India are plentiful but foreign demand is weak. The industrial position is basically healthy, provided there is no labour trouble and political unrest does not further undermine confidence. The Government of India's finances are intrinsically sound, but rigid economy all round is essential if heavy extra taxation is to be avoided. Our note issue has a reserve of about 80 per cent, taking gold and gold assets and silver at its gold value. Railway earnings have declined, but a revival in trade would soon restore them.

India's primary need is united action to restore peace and lost confidence. This can best be done by businessmen firmly denouncing all half-baked theories, both economic and political, and impractical ideals. Their motto should be "never mind the shadow; grasp the substance." On their part the British Government should make up their minds immediately to grant liberal reforms to India, since conferences and parleys alone cannot bring peace. Given internal harmony and a revival in world trade, India will be one of the first countries of the globe to extricate herself from the present Slough of Despond.

MONEY.

Year opens with steady rates.

The money market opened steady in consequence of the beginning of the year requirements and call funds commanded as much 6 per cent. as against the three per cent. of the previous week. The rate, however, slipped back to 4-4½ per cent., but as cotton began to arrive in larger quantities from upcountry centres into the Ports, there were early signs of fairly stringent money rates. The trade demand began to improve week after week and the rate for short loans was once again up to 6-6½ per cent. with the market forced into the bank on a few occasions. This state of affairs continued almost up to the concluding week in February when trade demand showed signs of falling off and the rate for call money declined to 5 per cent. There were reduced receipts of cotton and treasury bill maturities exceeded renewals. Further, the major part of financing the kharif (summer) crop had been completed by now, while the movement of the rabi (winter) crop had only just begun and several weeks had to elapse before the real influence of this crop was felt on the money market. There was, however, a tightening up of rates to 6-6¼ per cent. from the middle of March owing to very large investments in treasury bills which absorbed Rs. 12·35 crores in three months bills during March alone against maturities of Rs. 6·35 crores. The trade demand also showed slight improvement. In order to relieve the strain however, the Imperial Bank of India reduced its rate of interest from 7 to 6 per cent. with effect from 3rd April. The rate for call loans came down to 5½ per cent. but there were many borrowers at this level. Simultaneous with this reduction Government contracted currency to the extent of Rs. 3 crores against rupee securities, and this together with the two previous contractions in March raised the total to Rs. 11 crores. This acted as a counteractive to the reduction in the Bank rate, and together with heavy amounts that were being invested in treasuries kept money rates very high, and call loans were in demand at 5½ per cent. Although actual trade was to a large extent impeded by political disturbances which had by now gathered greater force, money rates showed no relaxation as treasury bills absorbed all surplus funds at attractive yields. The trade demand which had shown a tendency to rise since the middle of March began to fall off by the beginning of May, but even this did not make for cheap money. Treasury bill renewals far exceeded maturities, and this was the one important factor responsible for continued stiff rates for money. An additional factor making for steady rates for money was the very small purchases of sterling made by Government to meet Home Charges. Call funds off

Rates slip slightly.

Money tightens.

Bank rate reduced.

Currency contracted.

Call loans in demand.

Trade demand declines.

and on became slightly cheaper than 5½ per cent. but this occurred only when renewals of treasury bills did not coincide with maturities. A further contraction of currency to the extent of Rs. 6 crores was made during the last week of May and this lent added strength to the money market. However, a larger decline in the trade demand since the beginning of June owing to the fall in the commodity prices coupled with seasonal slackness of trade, brought a fall in the rates for short loans to about 4½-5 per cent. Money was nevertheless by no means plentiful since treasury bills absorbed all idle funds and Government contracted currency to the extent of Rs. 6 crores in the second half of June, thus raising the total contraction since March to Rs. 23 crores.

Further Currency contraction.

Call rate declines.

Following the generally expected reduction in the Imperial Bank rate to 5 per cent. on the 10th of July, the rate for call funds slipped to 4 per cent. This did not necessarily imply any plethora of money since treasury bills were attracting floating funds. The supply of the latter, however, was steadily increasing owing to a considerable fall in the trade demand which averaged Rs. 2 crores almost every week. The call rate ranged round 3½ per cent. till the third week in July when funds became available at 3 per cent. owing to the rejection by Government of all tenders for treasury bills on 22nd July, and their suspension for the time being in order to facilitate the successful floatation of the New Rupee loan of which the terms of issue were released that week.

Further reduction in Bank rate.

Trade demand falls and call rate easier.

Fairly large maturities of treasury bills and absence of renewals together with the falling trade demand caused the rate for call loans to go down to 2 per cent. by the beginning of August. Cash subscriptions to the New Loan exceeded Rs. 12 crores and Government reintroduced the sale of treasury bills on 12th August when the rate for call funds improved to 2½ per cent. This, however, merely proved temporary since the market received abundant supplies of funds in mid-August through the redemption of unconverted 1930 bonds amounting to about Rs. 7.65 crores and in addition Rs. 242 lacs from maturing treasury bills and Rs. 78.42 lacs as interest on 1929-47 and 1930 bonds. Furthermore Government rejected the major portion of the applications for treasury bills offered on the 12th August. The rate for call loans declined again to 2 per cent. and stood at almost this level throughout August despite the exceptionally large amounts invested in treasuries during the last half of the month. A large portion of this money, however, came through maturities and furthermore, the trade demand showed further heavy declines during this period.

Money rates very cheap.

Market receives large funds.

During September also there was no change in the monetary situation, the rate for call loans ranging about 2 per cent. throughout. Treasury bills still remained the only profitable source of employment in the absence of trade and large amounts continued to be invested by local investors as well as on behalf of foreign banks.

Money continues easy.

There was no noticeable change in money rates during October, and trade in general remained sluggish. Call funds were available at about 2¼ per cent. almost throughout, although occasionally 2½ per cent. was reached. Sales of treasury bills hardly affected the money market since maturities were in a large measure offset by renewals. From 24th October to mid-November, however, there were to be no treasury maturities and as sales were to be continued during this period, it was generally expected that money rates would show an early improvement. The expected actually happened in the first week of November, when the rate for call funds rose to 3 per cent. The contraction of Rs. 4 crores of currency effected on the last day of October was also to a certain extent responsible for the comparatively steadier market. The strength, however, was short-lived and by the middle of the month the rate slipped to 2½ per cent. Treasury bills again began to mature so as to offset the renewals and pressure on the floating supplies felt during the past three weeks was thus relieved.

Slight improvement in money rates.

The week ending 21st November was full of important events and in normal times their combination would have caused money rates to improve. Rs. 5 crores currency was contracted on 20th November bringing the total contraction during the calendar year to Rs. 37 crores and the Imperial Bank rate was raised by one per cent. to 6 per cent. as from the same day. The allotment rate for three months' treasuries was steadily reduced thereby making investment in them more attractive. All this, however, left the money market unchanged, and except on payment days for treasury bills when money was in somewhat keen demand and the rate rose to 3 per cent. call funds were available at 2¼ per cent. up to the end of November.

An eventful week.

During December monetary conditions became somewhat steadier owing to increased arrivals of cotton at the Ports and some shipments were booked for abroad during the first half. The rate for call funds rose to over 4 per cent. by mid-December. This level, however, could not be maintained owing to the large maturities of treasury bills which were only partly offset by renewals. Furthermore cotton bookings were checked owing to a serious crisis in New York resulting in a fall in the price of raw cotton. The rate for call funds slipped to 2¾ per cent., and stood at this level till the last day of the year when it rose to 4 per cent. owing to requirements for the banking year-end.

Money becomes steadier.

IMPERIAL BANK STATEMENTS.

The year opened with the cash balance of the Imperial Bank down from the previous year's closing by nearly Rs. 230·62 lacs to Rs. 12·98 crores owing probably to the year-end requirements. The percentage of cash to liabilities was 16·02, a decrease of 3·11 per cent. under the closing week of 1929. There was, however, a steady increase throughout January, the cash balance rising to Rs. 16·35 crores and the percentage of cash to liabilities to 18·78. The 7th February statement revealed a loss of Rs. 426 lacs in the cash balance and the percentage declined by 4·40 per cent. to 14·38. The loss was occasioned probably by the beginning of the month requirements, but was more than made up in the weeks that followed and the figure reached

Year opens with small cash balance.

Cash balance increases.

Rs. 18·5 crores on 28th February. After suffering a small loss in the two following weeks, the balance swelled to Rs. 19·44 crores on 21st March and the percentage rose to 21·42. But this rise was only temporary and the cash balance shrank considerably during April owing to contractions of currency going as low as Rs. 12·01 crores on the 18th April with the percentage of cash to liabilities at its lowest since the beginning of the year, *viz.* 13·75 (a fall of nearly 8 per cent. since 21st March). In the last week of April, however, there was a large return of funds from the interior raising the cash balance to Rs. 16·17 crores, with the percentage higher by 4·27 per cent. to 18·02. During the weeks that followed cash was steadily leaving the bank and the balance was reduced to Rs. 11·79 crores on 6th June, the lowest since the opening of the year. The percentage of cash to liabilities stood at 13·91. At this juncture there was a marked repatriation of funds from the interior into trade centres and the balance increased to Rs. 17·20 crores on 27th June with the percentage improving to 19·92.

Cash balance shrinks owing contractions.

Funds return from interior.

The beginning of the month requirements for July reduced the cash balance of the Bank to Rs. 15·37 crores on the 4th with the percentage of cash to liabilities 1·56 per cent. under the previous week. In the following weeks cash began to increase since funds from the interior were fast returning. Furthermore subscriptions in cash to the new loan reached Rs. 12·88 crores and the balance stood at Rs. 23·50 crores on 1st August. In the succeeding week there was a fall of Rs. 123 lacs on account of treasury bill maturities exceeding renewals, but the loss was more than made up during the three succeeding weeks, the figure reaching Rs. 29·75 crores on 29th August while the percentage of cash to liabilities rose to 29·20. In the first week of September there was a large drop of Rs. 665·64 lacs owing largely to a contraction of Rs. 5 crores of currency as well as to the beginning of the month requirements. The percentage of cash to liabilities fell by over 4 percentage to 25·06. During the weeks that followed, however, cash increased steadily reaching Rs. 25·60 on 26th September with the percentage of cash to liabilities up to 28·32.

Cash balance increases considerably owing New Loan Funds.

During October the cash balance increased by Rs. 1 crore and reached Rs. 26·65 crores on the 31st, being almost equal to last year's figure of Rs. 26·37 crores. This was partly due to the fact that treasury bill renewals were somewhat in excess of maturities. In the first week of November, however, the balance was reduced by Rs. 220·20 lacs to Rs. 24·44 crores owing to a contraction of Rs. 4 crores. There was yet another big fall of Rs. 461·25 lacs in the third week of November owing to a further contraction of Rs. 5 crores on the 20th. The cash balance was now reduced to Rs. 20·27 crores and the percentage of cash to liabilities suffered a corresponding fall and stood at 25·50 as against 28·32 at the end of September.

Cash balance maintained high.

In December the cash balance of the Bank shrank considerably owing to the demand for the financing of cotton and the excess of treasury maturities over renewals. The balance was reduced to Rs. 12·02 crores on the 26th as against Rs. 15·29 crores on the corresponding date last year. But despite this the

Cash balance shrinks low.

Bank rate was not raised over 6 per cent. whereas it was raised to 7 per cent. last year on 31st October. The percentage of cash to liabilities had declined to 14·46 as compared with 19·13 a year ago.

Bank does not borrow against Inland Bills during the year.

In spite of low balances the Bank did not avail itself of the facility of borrowing from Government against Inland bills. It may also be noted that the Inland bill portfolio of the Bank stood at only Rs. 3·17 crores at the close of the year.

Government Deposits low at opening but increase steadily.

Government deposits stood at Rs. 7·83 crores at the opening of the year of which Rs. 1 crore was borrowed from the Imperial Bank for Ways and Means. There was a steady increase, however, owing to large sales of treasury bills and the deposits exceeded Rs. 20 crores by the end of March. There was, however, a fall of Rs. 353 lacs to Rs. 16·58 crores in the first week of April owing to contraction of currency, followed by yet another fall in mid-April owing to purchases of sterling, the balance being now reduced to Rs. 15·29 crores. There were no important changes in the figure during the following month in spite of large amounts of treasury bills sold by Government, as these were offset partly by maturities and partly by further contractions of currency. In the second week of May, public deposits increased by Rs. 202·50 lacs to Rs. 17·18 crores followed by substantial decreases to Rs. 12·75 crores on 6th June. At the close of the first half of the year, the balance increased slightly to Rs. 14·51 crores.

A large reduction in Public Deposits.

In the first week of July public deposits declined by Rs. 380 lacs to Rs. 10·71 crores owing to contraction of currency as well as beginning of the month disbursements. In the weeks that followed Government deposits began to swell owing to large receipts from treasury bills sales coupled with heavy cash subscriptions to the New Loan, so much so that by the beginning of August the figure had reached Rs. 21·62 crores. There was however a slight set-back in the two following weeks as maturities far exceeded renewals; this loss was more than recouped before the end of the month with the figure reaching Rs. 23·70 crores.

Further fall in Public Deposits.

Government's Deposits swell owing new Loan.

Currency contractions decrease Public Deposits.

Early in September a contraction of currency of Rs. 5 crores was made against rupee securities and this coupled with the beginning of the month requirements caused the Public Deposits to shrink by the very large figure of Rs. 967·38 lacs to Rs. 14·03 crores. There was yet a further drop of Rs. 224·46 lacs in the following week owing to payments for treasury bill maturities being far in excess of renewals. In the three weeks that followed movements were small and at the end of September Government deposits stood at Rs. 10·88 crores.

Public Deposits increase on Treasury Bill Sales but decline low on contractions.

During October, however, Government deposits showed considerable improvement probably owing to the fact that receipts for sales on treasuries far exceeded payments for maturities. The figure on 31st October reached Rs. 15·44 crores, but this balance could not be sustained as Government contracted currency to the tune of Rs. 9 crores during November with the result that on the 21st, public deposits had shrunk to Rs. 9·79 crores.

In December, Government borrowed Rs. 1 crore against Ways and Means advances in the first week, Rs. 2 crores in the second week and Rs. 2 crores in the last. Public deposits declined in the last month of the year by Rs. 326 lacs to Rs. 6·94 crores on 26th December as compared with Rs. 7·05 crores this time last year.

Government borrows for Ways and Means.

PAPER CURRENCY RETURN.

Notes in circulation stood at Rs. 179·40 crores on 31st December 1929 backed by silver coins and silver bullion to the extent of some Rs. 108 crores, while gold amounted to Rs. 32·22 crores. The metallic reserve ratio to circulation was 78·18 per cent. While notes in circulation increased somewhat during January and February with a corresponding rise in silver rupees, there was a decline in silver bullion, which was replaced by securities in England. Silver bullion shrank from Rs. 4·27 crores to Rs. 1·81 crores on 28th February, while securities in England rose from Rs. 1·50 crores to Rs. 2·03 crores during the same period. The 15th March return, however, showed a decrease of Rs. 203·51 lacs in note circulation to almost the opening figure, owing mainly to the transfer of £2¼ million from the Paper Currency Reserve to the Home Treasury, involving a contraction of currency to the extent of some Rs. 3 crores. The metallic reserve stood at 78·44 per cent. with hardly any change in the percentage of gold coin and bullion held. Silver coins were returning in increasing quantities, but owing to further contractions of Rs. 5 crores during March, currency notes in circulation shrank to Rs. 177·23 crores on 31st March and Indian securities held in the reserve declined by nearly Rs. 5 crores to Rs. 33·84 crores. On 7th April notes declined to Rs. 174·14 crores and Indian securities to Rs. 30·89 crores. In the last week of May they had fallen still further to Rs. 167·78 crores and Rs. 24·36 crores respectively. By the end of June notes in circulation had declined to Rs. 163·72 crores and Indian securities to Rs. 18·33 crores. Silver coins continued to return in fair quantities and in spite of the conversion of a portion of these into bullion which increased from Rs. 1·86 crores on the 7th March to Rs. 3·47 crores on 30th June, the amount of coins in the reserve stood at about Rs. 109 crores on the latter date. The metallic reserve ratio to circulation increased by 10 per cent. during the first half of the year to 88·35 although there was no change in gold coin and bullion. Securities in England, after being completely wiped out by the 15th March, through a transfer of funds to the Secretary of State for meeting Home charges, stood at Rs. 72·96 lacs on 30th June.

Notes in circulation stand high at opening.

Silver Bullion decreases.

Note circulation decreases.

Rupee coins were steadily returning to the currency chest with an almost corresponding rise in notes in circulation. The former had increased since the end of June by nearly Rs. 6 crores to Rs. 114·82 crores by the last week in August, while currency notes in the meantime reached the figure of Rs. 172·36 crores. Silver bullion under coinage touched Rs. 5·18 crores on the 15th August, but declined by Rs. 76·58 lacs in the following week with a corresponding rise in sterling securities held in London. The operation was presumably in connection with Government's sales of silver to Hongkong. During

Rupee Coins in Reserve increase.

the same period securities held in India witnessed a small rise of about Rs. 1 crore to Rs. 19·57 crores. In the last week of August, Government contracted further Rs. 5 crores of currency against rupee securities with a consequent fall in notes in circulation, which amounted to Rs. 168·86 crores on 31st August. On the same day securities in India were reduced to Rs. 14·68 crores, the lowest for many years. The total contraction since January aggregated Rs. 28 crores, but this was necessitated by the falling commodity prices and the abnormal influx of rupee coins into the treasury.

Notes in circulation and Securities in India both fall.

During September there was yet a further addition to the number of rupees returned to the treasury which stood at Rs. 115·92 crores at the end of the month. Silver bullion rose to Rs. 5·99 crores by mid-September when there was a fall of Rs. 95·37 lacs owing to the sale of silver by Government to banks in Hongkong. Notes in circulation reached Rs. 171·46 crores. Securities in India gained by one crore to Rs. 15·60 crores and those held in London figured as Rs. 1·84 crores. The metallic reserve ratio was maintained around 89 per cent. all throughout this period.

Rupee Coins continue to increase.

The steady influx of rupee coins into the currency chest continued throughout October with almost a corresponding rise in notes in circulation. By 22nd October the former had risen to Rs. 116·53 crores and the latter to Rs. 173·06 crores. Silver bullion under coinage and gold and gold coins, however, remained practically unaltered. The percentage of metallic reserve to circulation was unchanged at about 89. On the 31st October, however, there was a shrinkage of Rs. 292·55 lacs in notes in circulation and a fall of Rs. 366·81 lacs in rupee securities owing to the contraction of Rs. 4 crores currency effected on the same day. The fall in notes would have been equal to the fall in rupee securities were it not for an addition of Rs. 93·89 lacs of rupee coins returned to the treasury at this time. Silver coins in the reserve then rose to Rs. 117·47 crores and as a consequence, the metallic reserve ratio to circulation improved from 89·35 to 91·32. The changes in the following three weeks were only minor, but the currency return of the 22nd November revealed a very large reduction in the note circulation and in rupee securities reflecting the contraction of Rs. 5 crores on the 20th instant. Notes in circulation fell by Rs. 579·48 lacs to Rs. 164·84 crores, while the rupee securities were reduced by Rs. 475·04 lacs to Rs. 8·66 crores. The metallic reserve, as a result, rose nearly 3 per cent. to 93·90 per cent. The same currency return showed a reduction of 84·18 lacs to Rs. 1·38 crores in securities held in England, representing the sales of sterling made by Government at this time. Silver bullion under coinage decreased by about Rs. 50 lacs to Rs. 5·48 crores owing to shipments of silver ingots to London in fulfilment of sales made to banks in Hongkong through London.

Notes in circulation increase.

Currency contraction decreases Rupee Securities.

Silver Coins further increase.

Further contraction of Currency.

Securities in England decline.

During December notes in circulation saw a further decline of some Rs. 3 crores and reached Rs. 161·34 crores on the last day, constituting the lowest of the year. Silver coins and bullion together in reserve saw an almost corresponding fall, the former declining from Rs. 116·90 crores to Rs. 114·59 crores and the latter from Rs. 5·76 crores to Rs. 5·39 crores. Securities held in India increased to Rs. 9·60 crores. Gold bullion in reserve fell by about Rs. 54 lacs and represented a transfer of an equivalent amount of securities from the Gold Standard Reserve in England to meet the sales of sterling.

Notes in circulation reach lowest.

Gold earmarked for Gold Standard Reserve.

The total number of rupees returned to the currency department during the year amounted to about Rs. 21½ crores. Notes in circulation after allowing for the contraction of Rs. 40 crores stood at Rs. 161·34 crores on 31st December as compared with Rs. 179·40 crores on the corresponding date last year. Had Government not contracted currency to this extent the total issue, considering the heavy influx of rupees, would have exceeded Rs. 200 crores and been far in excess of the actual requirements of trade particularly in view of the prevailing low commodity prices.

Total number of rupees returned to Currency Dept.

TREASURY BILLS.

Three months' treasury bills were sold week-in and week-out until the 21st July when the sale was suspended, probably to facilitate subscriptions to the new rupee loan, the terms of issue of which were released just at this time. Three months' intermediates which had been introduced as from the first week of February were also discontinued from the same time.

Three Months' Treasury Bills sold throughout.

Six Months' Bills issued.

Six months' bills were available from the middle of January at rates fixed by Government from time to time and the total amount absorbed into these bills till March 5th when their sale was suspended, was Rs. 3·40 crores, the average rate being Rs. 97-2-2. Six months' bills were replaced by nine months from 21st March with this difference that the latter were available by tender alongside three months' bills and were not sold on tap. The issuance of these bills was welcomed by the market as providing a favourable channel for investment extending over the whole of the slack season. Large amounts of these bills were sold every week till the beginning of May when the response began to fall off as maturities would have come in March or later, after the close of the busy season. The sale by tender of these bills as well as of intermediates, which had been introduced from 9th May, was therefore suspended from 27th June. The total sales of nine months' bills during the period amounted altogether to Rs. 6·47 crores. The total amount of three months' bills sold from the beginning of the year till 21st July when their sale was suspended was Rs. 57·12 crores.

Replaced by Nine Months' Bills.

Sale of Treasury Bills suspended.

The New Loan being out of the way, Government recommenced the sale of treasuries once again on 12th August. Tenders for three and six months' bills amounting to Rs. 2 crores in the aggregate were invited. This had been generally expected in view of the heavy maturities during August and September. Applications

Tenders renewed.

were quite large, but Government rejected the major portion of them, accepting only Rs. 7.25 lacs of six months' and Rs. 29·75 lacs of three months' bills at the average rate of Rs. 4-14-0 and Rs. 3-15-10 per cent. per annum, respectively.

Intermediates sold.

The sale of intermediate six and three months' bills was announced from the 13th August at Rs. 97-10 and Rs. 99-1 per cent., respectively. The sale both by tender and on tap continued and in the absence of trade together with heavy maturities, Government were actually flooded with applications. Although renewals were largely offset by maturities, yet there was a steady inflow of fresh funds. The rates remained almost unchanged till the end of October, but there was a noticeable fall in applications for three months' bills since six months' treasuries were considered a better investment in view of trade condition.

Applications for three months' bills increase and for six months' fall.

By the beginning of November however, things had altered, three months' bills largely replacing the six months' bills. Whereas over Rs. 1 crore was invested every week in six months' bills during September and October, applications fell off to Rs. 85 lacs in the first week of November with a sharp decline in the following three weeks, so much so that only Rs. 7 lacs were applied for on the 25th. There were two reasons to account for this rather sharp decline in applications ; firstly the maturities were running into May, thus covering practically the whole busy season ; secondly while Government reduced the allotment rate on three months' bills no change was made in that of six months' bills.

3 months' Bills rate of acceptance lowered.

The minimum rate of acceptance in the case of three months' bills was reduced by one anna to Rs. 98-15-6 on November 4th and the average yield improved to Rs. 3-14-8 per cent. There was a further reduction of one anna to Rs. 98-14-6 in the following week, the yield at this level being about 4¼ per cent. Encouraged by these reductions and consequent higher return, applications increased considerably. The minimum rate of acceptance was further reduced to Rs. 98-10-6 on 25th November, giving an yield of about $5\frac{7}{16}$ per cent. Not only was Government able to secure almost Rs. 2 crores by weekly tenders, but large amounts of intermediate bills were sold. During December, however, Government were not as successful as they had been during the last two or three months and despite the reduction in the minimum rate of acceptance of three months' bills to Rs. 98-8-6 in the 3rd week, applications were comparatively smaller. Sales of six months' bills were negligible, the total during December being Rs. 27 lacs including intermediates.

Applications decline.

The total sales of three and six months' bills during December aggregated Rs. 9·95 crores and were about Rs. 8 crores less than the maturities during the same period. The decline in applications was due to the approach of the busy season and a large withdrawal of funds by foreign investors.

The total amount of outstanding bills of all usance at the close of the year aggregated Rs. 57·09 crores, three months' bills forming Rs. 25·94 crores. Those of six months amounted to Rs. 26·31 crores and of nine months to Rs. 5·51 crores.

Outstanding Treasury Bills.

GOVERNMENT SECURITIES.

The political atmosphere being a little uncertain at the opening of the year, Government securities found more sellers than buyers. Investors were generally nervous and the prices of India sterling stocks in London as well as of securities in the local market fell considerably. 3½ per cent. Paper lost over three points to Rs. 64 within less than a month with bears hammering the market and bulls offering but little resistence. At the lower levels, however, some investment demand appeared and this coupled with bear covering steadied the market to Rs. 65-1, but it declined subsequently to Rs. 64-4. Confidence was to a certain measure restored following the speech of His Excellency the Viceroy in the Legislative Assembly on January 25th and the publication of Sir A. Hirtzel's letter. Prices of rupee securities as well as of India sterling stocks showed a substantial improvement with a rising tendency. 3½% Paper advanced sharply to Rs. 65-8 and the fall in the price of 5% 1945-55 loan was checked at Rs. 100-2 . The advance continued with minor fluctuations, 3½ per cent. Paper touching Rs. 65-13 and 5% 1945-55 Rs. 100-6 in early February.

Political conditions bring out sellers.

Security prices fall.

Confidence restored somewhat and prices improve.

The announcement of the issue of a 6 per cent. India Sterling loan for £6 million repayable at par on 15th June 1932 or at one point premium on 15th June 1933 caused wide fluctuations in the local market, particularly in 3½ per cent. Paper and the rate after falling to Rs. 63-15 improved to Rs. 64-8. 5 per cent. 1945-55 loan receded to Rs. 100-1. Other scrips were little altered. The rather exceptional fall in the price of India sterling stocks at this juncture caused the prices in the local market to fall further and with investment demand very slack, 3½ per cent. Paper declined to Rs. 63-13 and 1945-55 loan to Rs. 99-15. This was the first time since January 1926 that the latter scrip had been quoted below par.

First India Sterling Loan issued.

Prices of India Sterling Stocks fall.

The publication of the General Budget proposals and the announcement that Government wanted only Rs. 7.4 crores of new money during the year infused strength into the market and a further encouragement came from the discontinuance of six months' treasury bills. Paper improved to Rs. 65-14 and 1945-55 loan to Rs. 100-6. 5% 1939-44 loan gained about half a rupee to Rs. 95-13 and 6% short-dated bonds saw a fractional rise. Prices kept on improving in sympathy with the advance in India sterling stocks and 3½% Paper shot up nearly four points to Rs. 69-13 on the 27th March, 5 per cent. 1945-55 rose to Rs. 100-14, while the loan maturing in 1939-44, which had been quoted nearly two points below its issue price, was in good demand at a small premium being quoted at Rs. 96-9. 6% short-dated bonds also steadied, 1930's improving to Rs. 100-7, 1931 to Rs. 101-3 and 1932 to Rs. 102-3.

Rates revive on publication of General Budget.

The atmosphere at this juncture began to get clouded with uncertainties owing to political disturbances in the country and investors kept aloof from the security market. An additional factor was the issuance of nine months' treasury bills on 21st March, which absorbed most of the idle money. Prices began to follow a downward trend and business became exceedingly dull, India sterling stocks also began to give way. There was pressure to sell from all quarters and within one month 3½ per cent. Paper lost nearly 7 points to Rs. 62-10 on 2nd May. 1945-55 Loan declined by 12 annas to Rs. 100-2. 1939-44 bonds which had regained their loss by the end of March began to decline and stood at Rs. 95-14 on the same day. Short-dated bonds on the whole were not much affected as to price, trading in them also being very dull. The fall continued in all scrips, with an occasional flurry in the price of 3½ per cent. paper on bear covering operations. Business which had already narrowed down considerably was further interrupted by frequent closures.

Prices decline sharply.

On May 20th Government announced the issue of a second sterling loan to the extent of £7 million bearing 6 per cent. interest with maturity between 1933 and 1935 at the option of Government. The issue price was fixed at 99 per cent. Government selected an opportune moment for raising this loan as money rates in London were cheap. The need for a sterling loan was evident as they could not easily obtain sterling remittances in India and did not wish to put undue pressure on the exchange market. In the local market the loan was well received and nearly £3 million applications were sent although only 36 per cent. were allotted.

Second Sterling Loan issued.

The local market being closed then, the immediate effect of this announcement whatever it might have been, was not felt. But as the loan was oversubscribed immediately and commanded a premium, all India sterling stocks appreciated in price with the result that prices of local securities also improved. 3½ per cent. Paper moved up to Rs. 65-2, while 1945-55 loan touched Rs. 100-11 and 1939-44 gained 10 annas once again touching the issue price of Rs. 96-8. Short-term bonds were not much altered. The steadier feeling continued throughout June and rates of all scrips were maintained. 5 per cent. 1945-55 Loan saw a further advance to Rs. 101-4 while all short-term bonds were in good demand.

Sterling loan largely oversubscribed.

As July set in investors became hesitant and preferred to keep out till the release of the new rupee loan terms, issuance of which was imminent at this juncture. In point of fact a sufficient indication of its early issue was given to the market in the reduction of the Bank rate on 10th July from 6 to 5 per cent. Furthermore the date for the redemption of the maturing 6 per cent. bonds was not far distant. As a consequence a quiet tendency crept into the market and 3½ per cent. lost about Rs. 1-8 in the course of a week reaching Rs. 63-12, while 5 per cent. 1945-55 declined by five annas to Rs. 100-14. Short-term bonds, however, were maintained in price with 1930, 1931 and 1932's in good demand.

Market hesitant pending issuance of New Rupee Loan.

Prices decline.

Terms of New Loan released.

The terms of the new loan which were actually released on 23rd July temporarily demoralised security prices still further. There was a sharp break in all scrips particularly the long-dated ones. 3½ per cent. Paper declined to Rs. 61-10 recovering later to Rs. 62-7. 1945-55 went to 1 per cent. discount. 4 per cent. 1960-70 dropped to Rs. 73-8, while 4½ per cent. 1955-60 lost eight annas to Rs. 86-8.

The Government of India announced on 23rd July the issue of a 6 per cent. loan without limit of amount, repayable at par in 1933 but not later than 1936, the issue price being Rs. 100. Interest is payable 15th February and 15th August and will be liable to income-tax.

Subscriptions were received from 28th July to 6th August in cash, 6 per cent. 1930 bonds and treasury bills. The 1930 bonds tendered for conversion received interest for the full half year ending 14th August plus interest at 6 per cent. from the date of application to 14th August.

Treasury bills tendered were accepted at their full value less discount at the rate of 3 per cent. on the unexpired portion of the currency of the bills maturing 31st August, at a discount of 4 per cent. on bills maturing on or after 1st September up to 31st October and at a discount of 4½ per cent. on bills maturing after 1st November. The bonds were issued in the form of stocks or promissory notes as desired by the applicant. Applications for Rs. 100 and multiples of that sum were received at the Head Office and Indian branches of the Imperial Bank of India, offices of the Controller of Currency, Calcutta, and of the Accountants General, Madras, Burma and any Government treasury.

The Imperial Bank of India, London, also received applications accompanied by subscriptions in cash at the rate for T.T. on Calcutta on the date of payment.

Loan well received.

The loan was well received in business circles and by the investing public. The offer of 6 per cent. interest was generous and the terms as a whole showed great foresight on the part of its framers. Conditions this year were peculiar both in the political and economic spheres and were very different from the previous year when a half per cent. lower interest was offered. Since the political difficulties were looked upon as merely temporary, Government wisely fixed the loan at an optional three years maturity. In leaving open the amount of the loan, although the time within which it had to be subscribed was limited to ten days, Government were probably guided by the sole object of getting as much of the floating debt of treasury bills converted into these bonds as possible.

Results of new Loan.

The opportunity offered to the investor was a rare one considering not only the internal financial situation but also international money conditions, which are certainly tending toward cheaper rates in the future. The response to the loan was excellent and a press communiqué of the Controller of

Currency stated that the total amount of applications for the New Loan amounted to Rs. 29,46 lacs made up as under :—

In lacs of rupees.

	Rs.
Cash	12,88
Treasury Bills	8,46
1930 bonds	8,12
	Rs. 29,46

Security prices re-adjust.

After the subscription list was closed on 6th August prices of all securities began to readjust themselves and a steady feeling set in once again. 3½ per cent. Paper improved to Rs. 63-9 by mid-August and 5 per cent. 1945-55 reached par. The new loan began to be quoted at 2-3 annas premium. All other scrips saw a fractional rise in prices and the demand for short-term bonds revived once more. In the third week of August there was yet another rise in 3½ per cent. Paper and 1945-55 loan owing to a heavy bear account, giving an upper hand to the bull speculators. The former touched Rs. 64 and the latter Rs. 100-7 and in both cases ready commanded a premium of 3 to 4 annas. The steady tone continued during the weeks that followed and demand for investment was on an increasing scale. Funds that would normally be in genuine trade were finding their way into this class of investment since business conditions in general were very bad owing to protracted political disturbances. 3½ per cent. Paper following a rise in India sterling stocks soared as high as Rs. 65-7 in the first week of September and 5 per cent. 1945-55 rose at the same time to Rs. 101-5. In the second week, however, there was a small recession in rates following the unfortunate breakdown of peace negotiations with some of the Congress leaders. 3½ per cent. Paper declined to Rs. 64-9, but soon reacted to Rs. 65-4. Short-term bonds were not much affected on the whole. At this juncture India sterling stocks showed a declining tendency owing to apprehensions of a New India sterling issue. Government were required to provide themselves with sterling funds in order to pay off £6 million maturing treasury bills in December in addition to £5 million temporarily borrowed from the Imperial Bank upto March 1931. As a consequence prices of long-term securities declined somewhat, 3½ per cent. Paper touching Rs. 64-2 by the third week in September.

Steady tone continues.

Sharp rally in India Sterling Stocks.

During the first week of October however, there was a sharp rally in the price of India sterling stocks, 3½ per cent. rising to £66-5. As a consequence local securities firmed up and 3½ per cent. Paper rose to Rs. 65-5, while 5 per cent. 1945-55 remained steady at Rs. 101-4. Demand for investment in short-term bonds was increasing owing to continued dull trade and the premium on the 6 per cent. New

Loan rose to 13 annas. 5 per cent. 1933 bonds were in request at Rs. 100-3 with 1935 at Rs. 96-2.

Third Sterling loan issued.

In mid-October came the long expected announcement of a New India sterling issue, the third one of the calendar year, at the same rate of interest, *viz.* 6 per cent. The amount required, however, was £12 million in this case and the date of repayment was fixed for 1935-37 at the option of Government. Although international money conditions did not warrant the 6 per cent. rate of interest, yet the Government of India were obliged to pay this comparatively high rate owing mainly to the disturbed political situation in the country. The issue was very well received, so much so that only 13 per cent. was allotted. The dealings started at £1-3/8 premium and rose to £3 within a week.

Prices decline temporarily.

The immediate effect, although it proved to be only temporary, was the fall in the rate of 3½ per cent. Paper which lost Rs. 1-8 to Rs. 64, recovering later to Rs. 64-6. Other scrips, however, were unchanged as demand for trade continued small, thus diverting surplus funds into the security market. As more investment seekers came in, prices began to firm up and almost every scrip gained ¼ to ½ per cent. by the end of October. 3½ per cent. Paper rose to Rs. 65 and 5 per cent. 1945-55 loan was steady at Rs. 101-7. 6 per cent. New loan 1933-36 commanded a premium of Rs. 1-8 with 5 per cent. 1933 and 1935 in request at Rs. 100-4 and Rs. 96-5 respectively. 5 per cent. 1939-44 loan improved to Rs. 94-6. The demand continued throughout the first half of November and there was a further rise in rates. But this very rise brought out some sellers in Calcutta and caused prices to react somewhat. Furthermore, Government accepted treasury bills at lower rates almost every week, thus making investment in these increasingly attractive. On the top of all this came the announcement on 20th November of an increase in the Imperial Bank of India rate to 6 per cent. and a contraction of Rs. 5 crores. The demand began to dwindle at this stage and prices tended downwards. 3½ per cent. Paper after touching Rs. 65-1 declined to Rs. 64-9, but reacted to Rs. 64-12, which level was maintained till the end of November. 5 per cent. 1945-55 loan was a shade quiet at Rs. 101-6 while 1935's after reaching Rs. 96-10 dropped to Rs. 96-7. The premium on the New 6 per cent. loan declined from Rs. 1-8 to Rs. 1-5. 5 per cent. 1939-44 loan receded from Rs. 94-9 to Rs. 94-6. 4½ per cent. 1934 bonds lost some four annas to Rs. 95-6.

Investment demand increases.

Security Market depressed.

Weakness continues

The weakness that had developed in the security market during November was further accentuated during December and prices declined in almost all scrips. The tight money season was approaching and there were apprehensions of a further rise in the bank rate, which however, did not materialise. Government reduced the minimum rate of acceptance of three months' bills to a level giving a return of 5-15/16 per cent., a rate which attracted all surplus funds. 3½ per cent. Paper except for temporary reactions declined persistently reaching Rs. 63 in the third week of December. At the close however, there was a slight improvement in the rate to Rs. 63-8 on bear covering. 5 per cent. 1945-55 loan which stood at Rs. 101-6 at the beginning closed with sellers at Rs. 100-8. The

premium on the new 6 per cent. bonds due 1933-36 dropped from Rs. 1-5 to ten annas. 5 per cent. 1935 bonds receded from Rs. 96-7 to Rs. 96-2, 1933 bonds from Rs. 100-5 to Rs. 100 and 1939-44 from Rs. 94-6 to Rs. 94. The market at the close was dull and neglected.

Premium on 3½ per cent. Paper.

The feature of this year like the last was a premium on 3½ per cent. ready Paper over the fortnight forward delivery. At times the premium rose to as high as five annas for fifteen days and it never went below two annas at any time of the year. The average fall in the price was much larger and the fluctuations more erratic this year and have a parallel only during the war period.

Post Office Cash Certificates.

Owing to a further increase in the rate of interest at which Government of India borrowed in the open market during the current year, they decided to increase the yield on cash certificates to a corresponding extent with a view to maintaining the popularity of this form of investment. Accordingly with effect from 15th September new cash certificates were sold 4 annas lower at Rs. 7-8 for the denomination of Rs. 10, a rate at which they were originally issued.

Bombay Municipal Debenture Loan.

The Bombay Municipality invited tenders for Rs. 50 lacs for a 6 per cent. Debenture loan maturing 1960 with an option to call at par on or after 1st December 1950 on giving three months' notice. Applications were received between 29th September and 6th October.

The issue was viewed with unprecedented favour owing chiefly to the popular rate of interest at which it was offered and for a long term.

Tenders of the value of Rs. 1,99,53,500 were received and owing to reduced expenditure the Municipality decided to take a loan of Rs. 40 lacs only of which the Municipality itself took up Rs. 9,42,500 accepting public tenders for Rs. 30,57,500. The minimum rate at which tenders were accepted was Rs. 98-15. The average rate of accepted tenders was Rs. 99-3-9. Immediately after the list was closed there were transactions at par with a good enquiry at that level. Within less than a month after its issue the price reached Rs. 100-14. Large share of the debentures went in the hands of genuine investors.

Bombay Improvement Trust Loan.

The Bombay Improvement Trust invited tenders during the third week of November for a 6 per cent. debenture loan of Rs. 20 lacs repayable 1st November 1936. Applications were received up to 25th November which amounted to Rs. 1,65,16,000. Tenders at Rs. 100-2 and above were allotted in full amounting to Rs. 10,82,000. Tenders at Rs. 100-1 aggregating Rs. 9,18,000 completed the balance of Rs. 20 lacs.

The result was thoroughly satisfactory and the Improvement Trust did exceedingly well in securing the full amount required at comparatively favourable rate, particularly in view of the fact that Government of India 4 per cent. 1931-36 loan, with no chance of repayment till the latter date, at the then rate of Rs. 90-7, gave a redemption yield of some 5·92 per cent.

Imperial Bank of India Charter.

In reply to a question in the Legislative Assembly with regard to the renewal of the Imperial Bank of India's Charter, the Hon. Sir George Schuster said that the Government of India or the Imperial Bank could give a year's notice by 27th January 1930 terminating the present agreement between them. The Bank had given no such notice and the Government of India had decided not to give a notice for the present. On a motion by Mr. B. Das, the Hon'ble the Finance Member stated that at this stage Government would not be justified in entering into a permanent agreement with the Bank. He, however, assured the shareholders that Government did not contemplate a sudden change.

H. E. Viceroy's address to Legislative Assembly.

Reviewing several important matters in an address before the Legislative Assembly at its Delhi Session last January, His Excellency the Viceroy laid great emphasis on the political aspect of the Indian question and restated in unequivocal terms the goal to which the British policy in regard to India was directed. He also made plain the intention of the British Government to convene the Round Table Conference for "elucidating and harmonising public opinion and so affording guidance to His Majesty's Government on whom the responsibility must subsequently devolve of drafting proposals for the consideration of Parliament."

Income Tax Amending Bill.

On 6th February the Legislative Assembly considered the report of the Select Committee on the Income Tax Amending Bill against the formation of companies with the object of evading payment of income tax and super tax. After some discussion the bill was passed.

RAILWAY BUDGET.

The Railway Budget for the year 1930-31 was presented to the Legislative Assembly by the Hon. Sir George Rainy on February 17th, 1930.

In presenting the Budget, Sir George stated that the year coming to a close had been a disappointing one, in that earnings and expenditures anticipated in the Budget had not been achieved with the result that the expected surplus of Rs. 11¼ crores was reduced to about Rs. 7 crores. This result was due equally to failure of earning by about Rs. 2·32 crores to live up to the Budget figure of Rs. 107·32 crores and to an increase of about Rs. 2 crores in expenditure over the Budget figure of Rs. 96·06 crores.

The disappointment in traffic earnings was ascribable to the falling off in the volume of grain loadings, due to unsatisfactory harvests of recent years in Northern India, and to the fact that the general trade depression had caused buyers to adopt a cautious policy, with the result that goods moved slowly and the reduction in rates and passenger fares had consequently not brought about the expected expansion of traffic. On the expenditure side, the opening of 600 miles of new line during the year had brought about an inevitable increase in expenditure. Severe flood damage during the year had also played a part, as well as the taking over of the Southern

Punjab Railway, while interest and depreciation charges had gone up to Rs. 109 lacs and Rs. 58 lacs respectively as compared with the actual charges in 1928-29. The policy of the Railway Board in endeavouring to ameliorate the condition of the lower paid staff also required a moderate expenditure of Rs. 18 lacs.

With a revised estimate of Rs. 105 crores for revenue and Rs. 98 crores for expenditure, there was left a surplus of about Rs. 7 crores, of which Rs. 181 lacs was taken up to meet the loss on strategic lines, leaving a balance insufficient to meet the contribution of Rs. 612 lacs required for General Revenues. The deficit would have to be made good by withdrawing Rs. 86 lacs from reserve. No reduction in rates and fares was, therefore, contemplated.

For the fiscal year 1930-31, revenues were budgetted at Rs. 108 crores and expenditures at Rs. 100 crores, leaving a surplus of about Rs. 8 crores. After allowing for Rs. 180 lacs for loss on strategic lines and Rs. 574 lacs for contribution to the General Revenues, there will be an anticipated nett surplus of Rs. 34 lacs to be added to reserves.

With regard to capital expenditure, the revised figure for the past year was put at Rs. 24 crores compared with the budget estimate of Rs. 26½ crores and for 1930-31, Rs. 16¾ crores was estimated on this account.

This reduction in capital expenditure was welcomed in business circles in view of the prevailing conditions. Borrowing at high rates and for short terms is not suitable for financing the construction of railways, from which returns are necessarily slow, and it is therefore well to wait until trade conditions are better before embarking on any large programme.

BOMBAY BUDGET.

Opening the Budget Session of the Legislative Council on Monday, the 17th February 1930, His Excellency Sir Frederick Sykes, the Governor of Bombay, referred in passing to the life of the then House, the general strike of operatives and the findings of the two committees appointed to investigate the causes of the last mill strike. He assured the House that Government had been devoting most anxious thought and study to the plight of the mill industry and that the results of their considerations would be made public in the form of a white book before the close of the session. He surveyed in detail the general conditions that prevailed during the last year and made a passing reference to the coming Budget.

The Hon. Mr. G. B. Pradhan, the Finance Member, in presenting his second Budget to the Council mentioned that the actual revenues and expenditures for the year 1928-29 resulted in a nett deficit of about Rs. 25 lacs and that the revised figures for 1929-30 would show only a meagre surplus of Rs. 2 lacs owing to partial failure of rains in some parts of the Presidency and to floods and locusts in Sind. The Budget for 1930-31 anticipated a revenue of Rs. 14,44 lacs and an expenditure of Rs. 14,43 lacs leaving a surplus of just one lac. The proposals contemplated a renewal of the Stamp and Court Fees Acts, and an increase in revenue as a result of increased automobile

taxation, although it appeared that there would be determined resistance to the latter measure. A favourable feature was the fact that the Budget was balanced in spite of the additional burden thrown upon ordinary revenues by the transfer to revenue account of the interest charges of the Development Department.

The Finance Member detailed at some length the steps taken in the direction of retrenchment to bring about a balanced budget, explaining fully the state of the revenues of the Presidency, which had been decreasing during the past five years. He asserted that the demand of all the departments had been cut to the bone and all additional activities had been stopped, while the Development Department had been abolished as a separate organisation. He also mentioned the policy to be adopted by Government in regard to future expenditures from the Famine Fund.

THE GENERAL BUDGET.

In presenting the General Budget for the year 1930-31 to the Legislative Assembly on 28th February, the Hon. Sir George Schuster, the Finance Member of the Government of India, recalled his statement of a year ago that the main question for consideration in deciding the policy of the Government was whether the gap caused by the remission of provincial contributions in 1927 had been filled or whether it would be necessary to recognise the need for new sources of revenue to replace these contributions. In intimating his belief that new sources of income would be necessary, he pointed out that a surplus of Rs. 30 lacs might, nevertheless, be anticipated for the year 1928-29 due to fortuitous circumstances, a throw-forward of land and customs revenues and an anticipation of salt revenues. The actual results of the year 1928-29, however, in spite of the anticipated surplus, showed a deficit of Rs. 106 lacs due to serious losses under several headings, including the drop in revenue from the Gold Standard Reserve due to the necessity of writing down the securities. The net result was that, in spite of the receipt of certain fortuitous items of income, it was not possible to make the expected addition of Rs. 30 lacs to the balance of Rs. 74 lacs standing in the Revenue Reserve Fund, but on the other hand, that fund was wiped out and a deficit of Rs. 32 lacs created.

The results of the year 1929-30, were on the whole no more satisfactory. Added to the internal difficulties caused by deficient rains in some sections and floods in others and by continued political unrest, India had also participated in the general world depression caused by unprecedented Stock Exchange speculation in the United States and the consequent collapse in share values. As to foreign trade, exports showed a reduction of about Rs. 8½ crores, as compared with last year, in spite of an improvement in exports of rice and cotton. Imports were also reduced by Rs. 454 lacs due chiefly to reduction in imports of cotton yarns and manufactures, textile fabrics, iron and steel and manufactures thereof and rice. Imports of wheat, however, increased substantially. In spite of the fact that the fall in exports was about twice that in imports, the visible balance of trade had actually improved due to the fact that the net private imports of treasure fell off by Rs. 6·38 crores to Rs. 18·12 crores, the lowest figure touched since 1922-23.

The generally unfavourable economic situation had been reflected in budgettary results for the year, the revised figures showing a probable improvement of Rs. 112 lacs in receipts from

taxes on income, salt and opium, but a reduction under Customs, miscellaneous receipts, railways, Posts and Telegraphs, and other heads of Rs. 55 lacs, 52 lacs, Rs. 13 lacs, Rs. 50 lacs and Rs. 8 lacs respectively. The net deterioration in interest receipt was only Rs. 3 lacs due to unusually large receipts from interest on the Gold Standard Reserve. The net result was a deterioration of Rs. 66 lacs from the Budget estimate which itself had anticipated a deficit of Rs. 90 lacs, the total deficit being thus brought to Rs. 156 lacs. This could not be covered from Revenue Reserve Fund due to the fact that the year started with a deficit instead of the anticipated surplus in that Fund. There was a special windfall due to receipts from the German liquidation account, resulting from the decisions of the Hague Conference, and by a curious coincidence this amounted to just 156 lacs, permitting a balanced budget for the year 1929-30.

In making up the Budget for 1930-31, the Finance Member was forced to the conclusion that prospects of trade could not be regarded as very bright, even allowing for a reasonably good monsoon. World conditions were unfavourable and confidence in India had been damaged by the loose talk of civil disobedience and repudiation of debts. Revenue was estimated at Rs. 49·30 crores from Customs, Rs. 17·30 from Income taxes and Rs. 7·5 crores from Salt, this representing a decrease as compared with the previous year in customs receipts and an increase in the other two items. A net decrease of Rs. 26 lacs was anticipated from Opium. Railway contributions were placed at the reduced figure of Rs. 5·74 crores and a deficit of Rs. 48 lacs was anticipated from Posts and Telegraphs.

On the expenditure side there were a number of special items, including Census operations grants to Aligarh University and for Agricultural Research, a special grant for financing measures for the encouragement of sugar cultivation, the Banking Enquiry and the Royal Commission on labour. An important new item of expenditure was for the development of Civil Aviation amounting to Rs. 24·5 lacs. Other new items of expenditure were for broadcasting, the appointment of Indian Trade Commissioners and a variety of other items making up a total of Rs. 146 lacs of new expenditure which must be taken into account in the new Budget. This increase would be practically balanced by a reduction of Rs. 80 lacs in military expenditure and Rs. 62 lacs in civi expenditure, the reduction in the former item being due not to any change in the programme of military requirements, but to the extension for a period of an extra year of expenditure required in the Army's plan of re-equipment. This would permit a reduction in the expenditure for the coming year from Rs. 55 crores to Rs. 54·20 crores.

Interest on ordinary debt would show an increase of Rs. 46 lacs as a result of larger treasury bill transactions and provision of conversion operations. Interest on other obligations showed an increase of Rs. 61 lacs, whereas receipts stood at Rs. 3·45 crores. In the future, £1,600,000 was to be treated as a fixed revenue from Gold Standard Reserve, and if receipts exceeded this sum half of the surplus would be added to the revenue and the other half transferred to Equalisation Fund to be drawn on for use when revenue from the Gold Standard Reserve was below the required amount. In the year 1929-30, receipts from this reserve amounted to £2,400,000 and it was thus

possible to start the operation of the new plan with an initial balance of £100,000 in the Equalisation Fund. Receipts for this year are estimated at £1,700,000 which will permit the transfer of an additional £50,000 to the Fund.

With regard to Cash Certificates, it was pointed out that these would stand at Rs. 35¼ crores at the end of 1929-30, so that the provision of Rs. 1 crore for payment as bonus on these certificates was inadequate. A careful estimate of the full liability accruing on this account was Rs.188 lacs making it necessary to provide for an additional Rs. 88 lacs.

Regarding provision for the reduction or avoidance of debt, the Hon. Member stated that these provisions should be kept up for the sake of the country's credit. The present provision calculated at 1¼ per cent. on the Government debt was considered satisfactory, however, and it had therefore been decided to discontinue adding to this item receipts of Rs. 32 lacs from Reparations Payments and to use those receipts to reduce the liability on Post Office Cash Certificates. It had also been decided to base the conversion rate for the reduction or avoidance of sterling debt at 1*s.* 6*d.* rather than 1*s.* 4*d.* as in the past. This would make a difference of Rs. 12 lacs, but in spite of these two changes, the provision for reduction or avoidance of debt would show an increase of Rs. 27 lacs to Rs. 6 crores.

Recapitulating the whole position, it was found that for the Budget year, there would be an increase in expenditure of Rs. 557 lacs against an increase in net revenue of only Rs. 5 lacs. This would be met to the extent of Rs. 142 lacs by reduction in military and civil expenditures as mentioned above. The balance of Rs. 410 lacs would have to be met by fresh sources of revenue.

In considering fresh sources of revenue, the first item considered was, however, the losses suffered by cultivators of rice and it was proposed to improve their position by reducing the export duty on rice from 3 annas to 2 annas 3 pies a maund. This would result in a further loss of Rs. 30 lacs. The first measure to make up this deficit was an increase of 4 per cent. in the general revenue duty on piecegoods bringing that duty to 15 per cent. In addition, to meet the present exceptional situation a protective duty of 5 per cent. was to be imposed on all piecegoods from outside the United Kingdom of Great Britain and Northern Ireland with a minimum of 3½ annas per lb. on plain grey goods. This was not to be considered as Imperial Preference but merely as a temporary duty to be in force for three years to meet an exceptional condition which was too urgent to permit lengthy consideration by the Tariff Board. It was anticipated, however, that the Board would review the situation before the end of three years and make recommendations. This increased duty was expected to bring in an added revenue of Rs. 125 lacs.

Excise duty on kerosine was increased from one anna to one and half annas per gallon, while the import duty was reduced from 2½ annas to 2¼ annas per gallon, producing an increased revenue of about Rs. 35 lacs, without causing any increase in the price to the consumer. The margin of duty in favour of the indigenous industry was reduced from 18¾ per cent. to 9⅜ per cent.

Duty on sugar was increased by Rs. 1½ per cwt. which would increase the revenue by Rs. 180 lacs, of which Rs. 10 lacs were to be utilised for the encouragement of sugar research work. This was not intended as a protective duty, although it might ultimately have had some protective significance. It could not affect the consumer seriously in view of the present low prices for sugar.

An addition of one pie to the rupee in the rate of income and super tax was expected to add Rs. 70 lacs to the Government income. It was hoped however, that if everything went well in the coming year, it might be possible to remove the present double supertax on companies and to allow companies to carry forward losses to the next year.

The last proposal was for the imposition of an import duty on silver of 4 annas per ounce which was conservatively estimated to yield a revenue of Rs. 1 crore.

The total additional revenue from the above taxes was Rs. 510 lacs which would give a margin of Rs. 70 lacs, a desirable situation in view of the ever present possibility of deficiencies in revenue from Budget estimates. All the proposals, except that of income tax and super tax were to take effect immediately and the current year's revenue was thus benefited to the extent of Rs. 35 lacs.

New money from loan operations in the year 1929-30 amounted to only Rs. 13¼ crores or Rs. 4¾ crores less than the total new loan provided for in the Budget. External borrowings were necessary and £6 million treasury bills were issued in May and December of 1929, the former maturing in February 1930 and being renewed. The net amount of funds raised in England thus amounted to £12 million during 1929-30. Necessary capital expenditures were £5¼ million for the purchase of the Southern Punjab Railway and £7¼ million for other capital expenditure. Borrowing by treasury bills was considered as a sort of reserve and an effort had been made to borrow sparingly in that way. A short term loan for 2 years, with option of extension for an extra year was decided on as the best course in view of the unfavourable conditions requiring a high rate of interest. Resources were depleted by nearly Rs. 10 crores by the contraction of currency, to the extent of Rs. 6·86 crores against cancellation of rupee treasury bills and Rs. 2·94 crores against silver withdrawn for sale. This had necessitated the issue of considerable amounts of treasury bills to supplement resources. Though Government was criticised for borrowing money at interest in the form of treasury bills on the one hand, and then destroying it by contraction, the fact was that the loss by cancellation of currency was only the loss of profit which could have been made by extra supplies of currency. Contraction was necessary due to the fall in prices causing small requirements of currency, and to the fact that a large amount of silver currency had been returned from hoards and had had to be cancelled to avoid excessively high internal prices and low money rates. The net contraction from December 1st, 1928, to December 1st, 1929, amounted to Rs. 15·89 crores, but the net reduction of notes amounted only to Rs. 2·48 crores, the difference being due to the return of large quantities of silver from hoards. There was no evidence that this contraction had starved the commercial world of currency since the country's needs had been fully met and the cash balance of the Imperial Bank was considerably higher than last year.

Capital expenditure for railways for 1930-31 was put at Rs. 16·75 crores, but Rs. 2·35 crores of this were to be spent on part of a programme sanctioned for 1929-30. The net capital expenditure for the year was thus only Rs. 14·40 crores against Rs. 26·50 crores in 1929-30. This meant that the requirements for new money in the budget year would be modest. £6 million sterling bills falling due in December would be renewed. A loan of Rs. 23½ crores would be required in India, of which however, only Rs. 7·4 crores would be new money.

The exchange position had been difficult and it was possible to effect remittances to London of only £19 million during the year 1929-30. This was augmented by sterling borrowings mentioned above and by the transfer of £9½ million through the Paper Currency Reserve to enable the Secretary of State to close the year with a balance of £6·8 million. It was estimated that remittances during 1930-31 would amount to £31·8 million assuming a renewal of £6 million treasury bills.

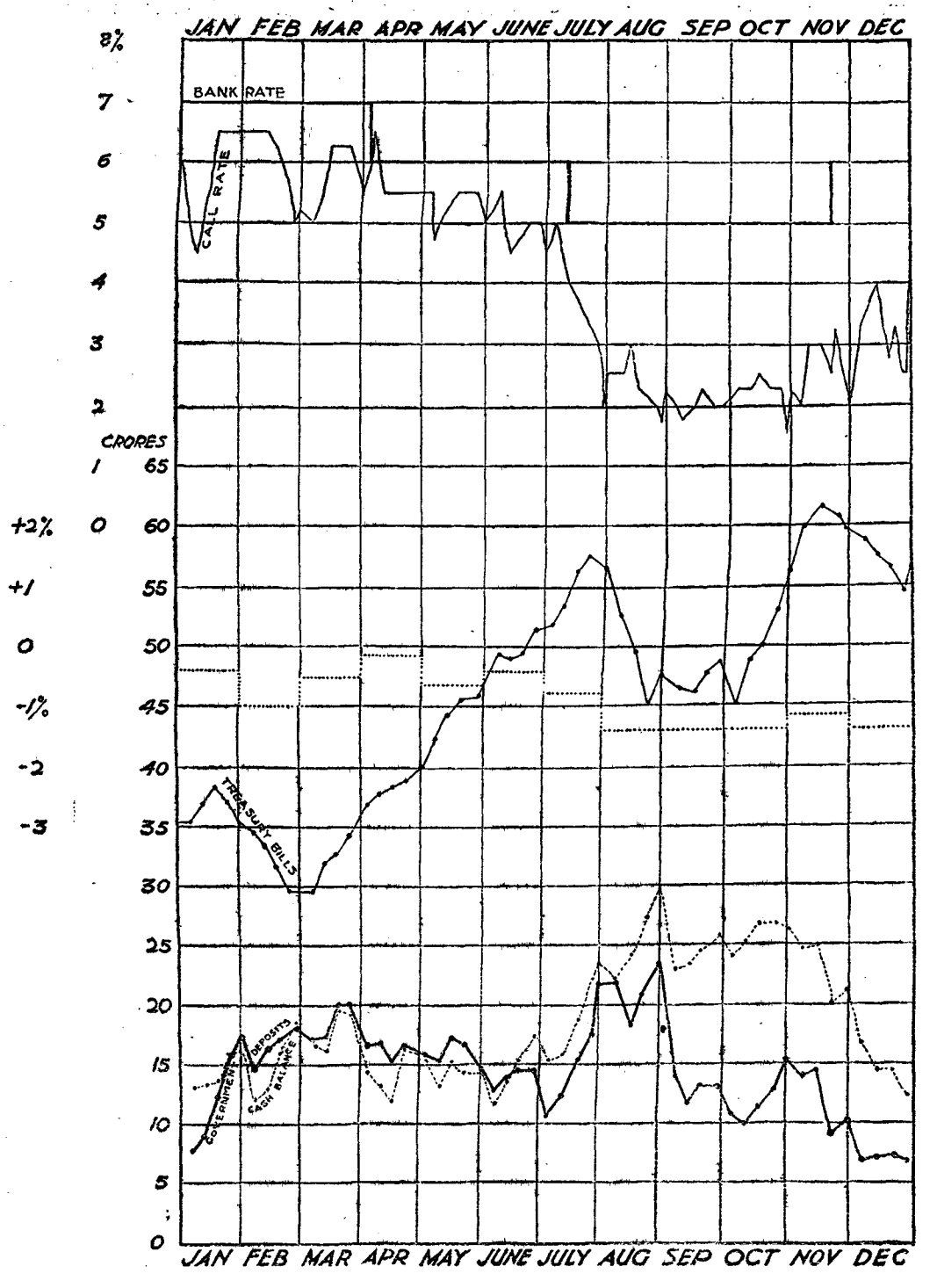
The General Budget of the Government of India was favourably received by the Commercial community and was regarded as businesslike and equitable. New taxation was inevitable under the circumstances, the Government being faced with a heavy deficit from uncontrollable causes, and the new taxes proposed did not appear to threaten hardship to any one, some of them having the added advantage of bringing relief and protection to depressed industries. The reimposition of an import duty on silver was favourably regarded in many quarters since, in addition to the revenue provided, it would serve as a protection to Government as a "producer" and to the people, and at the same time permitting Government to use up its large surplus stocks in supplying part of India's demand. The Finance Member referred to the possibility of co-operation between producers and the Indian Government, but it seems unlikely that there will be any working arrangement arrived at in the present conditions.

The 4 per cent. increase in duty on cotton piecegoods with the additional protective duty of 5 per cent. on non-British goods, with a minimum of 3½ annas per lb. on plain grey-goods, met with a generally favourable reception among industrialists, investors, commercial people interested in the industrial welfare of the country and particularly in Bombay. The protective duty was proposed as a temporary measure to meet competition of an exceptional nature, import statistics distinctly showing that foreign countries had been benefitting at the expense of Great Britain as well as of the domestic industry. British manufactures had not shared in this competition to any great extent since they produce finer grades which are for the most part not produced by Indian mills. After heated debates the Legislature sanctioned the above protection to the cotton mill industry.

One justifiable criticism was made of the proposed measures for the protection of the cotton industry. It was pointed out that if the minimum duty of 3½ annas per lb. was made to apply only to grey goods, these would be relatively dearer than bleached or coloured goods. This would leave an opening for foreign competition to continue to harass the domestic industry, simply by going to the slight trouble and expense of bleaching the goods before shipping them. It would therefore be necessary, in order to make the protection really effective, to apply the 3½ annas minimum to all non-British imports.

The increase of one pie in the income tax on personal incomes of over Rs. 15,000 and the corresponding increase in the super-tax was resented by the commercial community. It would have been well for the authorities to realise the necessity of overhauling their machinery of collection and closing up the many loopholes now existing. Action of this sort would bring in more revenues than a slight increase in the tax.

MONEY & GOVERNMENT SECURITIES CHART.



NOTE.—The above represent outstanding weekly balances of Treasury Bills, Cash Balance of the Imperial Bank and Public Deposits.

.....Represents the monthly rise or fall in per cent. from the opening rates of the year on all Government securities taken at their face value of Rs. 100.

EXCHANGE.

Market opens steady.

The opening week of the year coincided with the raising by Government of its buying rate of sterling by 1/32*d.* to 1*s.* 5-31/32*d.* with the result of steadying the market to 1*s.* 5-15/16*d.* for sellers and 1*s.* 5-31/32*d.* for buyers. Business, however, was dull and limited and the monetary situation was the main support of the market. In the absence of genuine business sterling rates could not be maintained at this level and they dropped 1/32*d.* following a similar cut in Government's buying rate in the third week of January; sellers now quoted 1*s.* 5-29/32*d.* and buyers 1*s.* 5$\frac{15}{16}$*d.* The rather restricted sales by exporters were more or less offset by the moderate demand for bullion imports, particularly for silver.

Rates ease.

There was a further depression in rates during February and March particularly for forward deliveries and large speculative purchases were made. In addition there was a marked inquiry for remittances for investment abroad and the rate for sellers of ready T.T. dropped to 1*s.* 5$\frac{7}{8}$*d.* during the first week of February. Even the lowering of the Bank of England's discount rate from 5 to 4$\frac{1}{2}$ per cent. on the 6th February had no particular steadying effect on the rates, though occasional business passed at 1*s.* 5-29/32*d.* By the end of the month, however, an easier tendency set in owing to cheapening of money rates and the pre-budget hesitancy. Sellers of ready T.T. quoted no better than 1*s.* 5-$\frac{27}{32}$*d.*, but exchange was steady at this level owing to a further reduction of $\frac{1}{2}$ per cent. in the Bank of England rate to 4 per cent. on the 6th of March. As exports were on the wane and there was a fair demand for remittances for bullion imports coupled with a continuous influx of funds into trade centres, rates gave way by 1/32*d.* to 1*s.* 5$\frac{13}{16}$*d.* for sellers by the end of March. Forward rates were distinctly easy with June to September deliveries quoted at 1*s.* 5-3/4*d.*

Market remains quiet.

On 25th March, Government introduced the sale of nine months' treasury bills and bankers sold ready T.T. tc invest funds in these bills, covering themselves by forward purchases of sterling in the absence of export bills of any size. Ready T.T. was available at 1*s.* 5-13/16*d.* almost throughout April, though there were few buyers under 1*s.* 5$\frac{7}{8}$*d.* Money, however, had by now begun to return from the interior and as export bills were conspicuous by their absence, rates slipped 1/32*d.* to 1*s.* 5-25/32*d.* for ready, while forward deliveries upto October were quoted 1*s.* 5$\frac{3}{4}$*d.* Small cash business passed at 1*s.* 5-13/16*d.* Trade conditions were so anaemic that no tenders of sterling were made to Government in the last week of May, although they had secured £4,720,000 since 1st April. During most part of June the rate for ready T.T. moved between 1*s.* 5$\frac{3}{4}$*d.* and 1*s.* 5-25/32*d.* and business was of a hand-to-mouth nature. The money position alone was responsible for whatever strength was visible. Owing to its stringency on the turn of the half year, and the fact that some export bills were put on the market and there was relative absence of imports, ready T.T. moved up to 1*s.* 5$\frac{13}{16}$*d.* for sellers. Forward rates, however, remained unaltered at 1*s.* 5-25/32*d.* to 1*s.* 5$\frac{3}{4}$*d.*

The rate of 1*s*. 5-13/16*d*. for ready T.T. lasted till mid-July as some exports of cotton and wheat (from Karachi) were booked. In fact nearly 58,000 tons of wheat were shipped during June, about 50,000 tons more during July, and the total exportable surplus was estimated at about one million tons. Imports on the other hand were very slack and the monetary situation showed signs of easing down. Ready T.T. was quoted at 1*s*. 5-25/32*d*., but it was expected that rates would be maintained at that level since Government of India were expected to remain out of the market as they had arranged a credit of £5 million sterling with the Imperial Bank of India in London during the last week of July. The amount thus borrowed was made repayable between January and March 1931, a most convenient and suitable time for Government to remit as exports would then be risk. Sales of treasury bills however, were discontinued from 22nd July and money rates became easier with the result that ready T.T. declined to 1*s*. 5¾*d*. The resumption of the sale of treasury bills on the 12th of August, however, infused some strength and sellers of ready T.T. appeared at 1*s*. 5-25/32*d* though forward rates were unchanged. The acceptance of only a small portion of treasury bills in the first week and the payment of large amounts of money by Government for unconverted 1930 bonds immediately brought down the rates to 1*s*. 5¾*d*. Trade conditions were so anaemic that if surplus funds were not attracted into treasury bills, there was little chance for sterling rates to revive. Funds now began to flow in treasuries and quite large amounts were invested on account of foreign investors. This involved "budla" (simultaneous purchases and sales for different deliveries) operations in exchange and fair sales of ready T.T. were made against forward. Business in the market was more or less confined to this class of transactions, trade otherwise remaining very dull. These conditions obtained till almost the middle of September, when a slight activity in export of jute from Calcutta became manifest, causing rates to improve by 1/32*d*. to 1*s*. 5-25/32*d*. for ready T.T.

Wheat Exports.

Government borrows from Imperial Bank.

'Budla' operations in Exchange.

The improvement in sterling continued and the tone became steadier in early October. Sellers of ready T.T. began to quote 1*s*. 5-13/16*d*. and a fair amount of business passed at this level, largely in connection with investment of foreign funds into treasury bills. In addition some export bills were fixed for the Far East, while the demand for remittances remained very light. Buyers grew scarce demanding 1*s*. 5⅞*d*. but no business was possible at this rate.

Tone steadier.

Conditions ruled steady though dull till mid-October when Government issued a communique inviting tenders for the purchase of £500,000 sterling on the 23rd with the result that the market assumed a quieter tone. Ready T.T. declined to 1*s*. 5-25/32*d*. for sellers and 1*s*. 5-27/32*d*. for buyers. Things remained very dull for a fortnight as there was a feeling of uncertainty in the market. There were various conjectures regarding the proposals on matters pertaining finance in the Government of India Despatch on the constitutional reforms. Besides the announcements

Government invites tenders.

on the same subject at the opening of the Round Table Conference were awaited with interest. Speculative purchases were made on a moderate scale which together with the paucity of export bills caused the rate for ready T. T. to decline to 1*s*. 5¾*d*. for sellers and 1*s*. 5-25/32*d*. for buyers.

Forward rates easy.

The publication of the Government of India's despatch proved all conjectures unfounded regarding the ratio and the plenary session of the Round Table Conference was completed without touching on the question of future finance in any shape or form; but this did not revive the rates since export trade continued very low, while moderate speculative remittances were still being effected. In fact banks refused to sell forward deliveries without cover and rates offered were much below the statutory rate of 1*s*. 5-49/64*d*. Even for ready requirements Government was approached and had to sell £907,950 during the last two weeks of November—£647,950 on 22nd and £260,000 on 29th November.

Weak Market.

During the first half of December, exchange remained weak and Government sold further £1,327,050. In the latter half, however, exchange rates were somewhat steadier and the market did not find it necessary to approach the Government. Forward rates were slightly steadier and speculative demand was on the wane. In fact some of the speculators realising that a breakdown of the rupee rate was impossible began to reduce their overbought position. The speech of the Hon. Sir George Schuster, the Finance Member, at the meeting of the Bengal National Chamber of Commerce on 20th December, left no doubt as to the attitude of Government towards the question of ratio and it was indeed very timely since such an authoritative announcement was necessary to allay the fears entertained in some quarters. Of course exchange rates could not revive immediately since what was required was actual trade, which was still lacking. The rates remained almost unchanged till the close of the year, sellers of ready T. T. quoting 1*s*. 5¾*d*. and buyers 1*s*. 5-13/16*d*.

Government reintroduces tenders.

At the commencement of the year Government followed the system of purchasing sterling on tap at rates fixed by them from time to time till 17th February when a reversal was made to the tender system which had been abandoned since 29th May 1929. The total remittances obtained from the beginning of the year to this date amounted to £645,000. Tenders for £500,000 were invited on 19th February, of which £25,000 were allotted at 1*s*. 5-15/16*d*. and the balance which formed the 95 per cent. of the applications at 1*s*. 5-29/32*d*. In the following week, however, all tenders were rejected though an offer of the same amount was made for 5th March. Trade was so slack and exchange so quiet that no applications were forthcoming and Government decided to reduce the amount of tenders by half as from 19th March. The rates were so low that Government rejected all applications, but they transferred on 15th March £2,324,670 from the Paper Currency Reserve to the Home Treasury. This together with the previous transfers during the fiscal year of 1929-30 totalled £11,824,670 and the entire remittances from 1st April 1929 amounted to £27,039,670. If to this were added the sterling

Government rejects all tenders.

borrowings (after setting off £6 million for treasury maturities), the total amount made available to the Home Treasury during the fiscal year was £33,039,670.

First purchase in fiscal year.

The first purchase in the new fiscal year 1930-31 was made on 2nd April when Government accepted £250,000 at 1*s.* 5-27/32*d.*, but raised the amount of tenders to £500,000 for the following week. Large applications poured in and only 8 per cent. was allotted with the result that the amount called for tender was raised to £750,000. Still larger applications came in, 13 per cent. being allotted this time and the amount was raised to £1 million as from 23rd April. There was no difficulty in obtaining the full one million since applications were still in excess of the amount called and 15 per cent. was allotted. Yet another one million sterling was bought in the following week, but applications this time were not nearly as large as in the previous two or three weeks. Trade was hampered by the political disturbances and the surplus left with the market was declining. On the 7th of May, a third million was bought, but this constituted 95 per cent. of the total tenders. The total remittances to the Home Treasury from 1st April till 10th May amounted to £4,680,000. On the 14th of May Government got only £20,000 at 1*s.* 5-27/32*d.* out of the one million asked for and they reduced the amount on offer to £500,000 as from 21st May. Another £20,000 was secured at 1*s.* 5-27/32*d.* on 21st May, all lower tenders being rejected. In the following week there were no applications at all and Government decided to suspend tenders as from 4th of June. From 1st April to June Government were able to buy £4,720,000.

Tenders suspended.

Government remains out of Market.

From this date up to mid-October Government remained entirely out of the market, but arranged a temporary credit of £5 million from the Imperial Bank of India, London, in the last week of July. Three sums of £1,675 on 26th July, £51,816 on 23rd August and £30,000 on 30th August, however, were transferred from the Paper Currency Reserve to the Home Treasury to meet the sales of sterling made by the Government of India.

Purchases resumed.

Government resumed purchases of sterling in the open market by inviting tenders for £500,000 on 23rd October. £25,000 were bought at 1*s.* 5-13/16*d.* and all lower tenders were rejected. In the first week of November applications at this level were very large owing to the appearance of export bills in Calcutta, and Government were able to obtain the full amount of £500,000. Furthermore, Government raised the yield on treasury bills by reducing the minimum rate of acceptance, thus making exchange swaps more attractive. In the fourth week of issue, however, applications fell off as export of jute manufactures was not sustained and Government got only £150,000 at 1*s.* 5-13/16*d.*

Market nervous.

The exchange market at this juncture grew somewhat nervous owing to rumours in certain quarters that the rupee exchange ratio was likely to be altered. No tenders were made to Government in the fifth week and Government issued a notification on 19th November that tenders would not be received till further notice. This did not improve matters, however, as the feeling of uncertainty continued and trade showed no improvement whatever. Government on the

Purchases again suspended.

contrary were obliged to sell sterling in India. £647,950 were sold during the week ending 22nd November and £260,000 during the week ending 29th November. The sales thus effected exceeded the purchases of £675,000 made since the resumption in mid-October. The total sales made by Government till the end of November amounted to £991,441 and their total remittances through purchases of sterling in India to £5,395,000.

Sales by Government.

The total remittances made by Government to the Home Treasury during the calendar year amounted to £6,540,000 and during the nine months of the fiscal year to £5,395,000. At the same time £2,323,491 were transferred from the Paper Currency Reserve in London to meet sales of sterling made in India. Since, however, the balances in the Paper Currency Reserve in London were somewhat short of the total sales, about Rs. 54 lacs worth gold was earmarked from this reserve in India for the Gold Standard Reserve in London from which securities of an equivalent value were transferred to the Paper Currency Reserve in London.

Total remittances.

The dollar-sterling quotation which opened in favour of sterling at $\$4\cdot88\frac{1}{4}$ declined sharply during the first half of January touching $\$4\cdot86\frac{3}{4}$. This was followed by minor fluctuations ranging between $\$4\cdot86\frac{3}{4}$ and $\$4\cdot86$ till the end of February, when there was a further fall in the rate to $\$4\cdot85$-29/32. After a short but temporary rally in early April to $\$4\cdot86$-15/16 the quotation slipped to $\$4\cdot86\frac{1}{2}$ and continued to fall steadily touching $\$4\cdot85\frac{3}{4}$ by the end of June.

Dollar Sterling.

In early July, there was a sharp rise in the rate to $\$4\cdot86\frac{5}{8}$ with temporary reactions. By the end of the month the quotation touched $\$4\cdot87$-3/16 and was maintained at about this level upto the end of August when a declining tendency set in. $\$4\cdot86\frac{1}{8}$ was quoted in the first week of September and the rate fluctuated between this rate and $\$4\cdot85$-15/16 throughout the month.

During October and November the rate remained sticky, though on the whole it was inclined to be easier. It ranged between $\$4\cdot85$-13/16 and $\$4\cdot85$-25/32 till mid-October when it became somewhat steadier touching $\$4\cdot86\frac{1}{8}$. The improvement, however, proved merely temporary and the rate slipped to $\$4\cdot85$-13/16 by the end of the month. In November the rate ranged between $\$4\cdot85$-13/16 and $\$4\cdot85$-17/32, closing at the latter level.

The first three weeks in December saw little change in the dollar sterling rate which moved between $\$4\cdot85$-7/16 and $\$4\cdot85$-13/16. Following the reduction in the New York Federal Reserve Bank rate to 2 per cent. on 23rd December, the rate temporarily firmed to $\$4\cdot85$-15/16 but slipped back to $\$4.85\frac{5}{8}$ towards the close of the year.

The French franc opened with a reverse position. It stood at almost the lower gold point, *viz.*, 123·90 in the first week of January, but depreciated persistently to about 124·30 in March. There was, however, a sharp fall in the middle of April and the franc appreciated to 123·86, which level was maintained till

The French Franc.

June. Gold withdrawals from England began but the drain this year was a slow process. In early July there was yet further appreciation in the franc and the low level of 123·62 was reached. Gold began to flow into France from London and New York, but the loss to the Bank of England was gradual being in small quantities only. The Bank, however, announced at this juncture that it would in future sell standard gold of ·9166 fineness—sovereign fineness—instead of refined gold. It may be pointed out that in doing so the Bank merely adhered to the strict terms of the Gold Standard Act of 1925 under which it is only bound to sell 400 ounces bars of standard gold. This decision on the part of the Bank of England affected the Bank of France since it was bound by the French Stabilisation law not to accept gold of lesser fineness than ·995. The result of this change was the shifting of the lower gold point in France from 123·89 to 123·78 taking into account the refining charges and loss of interest for the time occupied in the process. In spite of this change, gold still left the Bank of England, but increasing quantities now began to come from New York. From the end of April to end of July Bank of England lost about £9·2 million.

In mid-July the franc reached the highest rate recorded of 123·58, but soon reacted from this level and reached 123·84 by the beginning of August. This level was maintained upto the beginning of September when a slight appreciation occurred and the quotation reached 123·68 in mid-month. By the end of the month, however, the franc depreciated again to 123·84.

There was a further depreciation in the franc during the first half of October when it reached 123·90. A reaction set in at this level and the quotation improved to 123·80, which level was maintained till the end of the month. The appreciation, however, continued and by mid-November the level of 123·60 was reached. This encouraged large shipments of gold from England into France and within the month of November alone France had added Frcs. 1,544 million gold to its already large stocks which now aggregated Frcs. 52,351 million. This level was maintained upto the end of November, the closing quotation being 123·59.

There was a further appreciation of the franc to 123·51 in the first week of December and this constituted the highest rate of the year. The rise, however, was temporary and the cross rate reacted to 123·60 in the following week which level it maintained till the last week when it depreciated to 123·67 following a reduction in New York Federal Reserve Bank rate.

GOLD.

The gold market opened with an easy tendency and there was a decline of two annas per tola under last year's closing rates, ready being quoted at Rs. 21-7-3. Large shipments en route and the small offtake of some 10,000 tolas a day were responsible for the situation. Prices were depressed further in the second week of January, ready going down to Rs. 21-5-6 per tola. Fresh arrivals had augmented stocks to 2 lacs tolas and the offtake on the other hand had declined to about 8,000 tolas a day. The market continued dull and prices were virtually unchanged till the end of January, when there was a slight improvement in the rate to Rs. 21-6-3 owing mainly to weak sterling exchange and to speculative buying. Speculation continued in February with the result that while ready was quoted at Rs. 21-6-6, delivery March stood two annas higher. The prices remained unaltered till the end of February, when an improvement in the daily offtake to 12,000 tolas coupled with a reduction in the available supplies to one lac tolas caused ready to firm up to Rs. 21-9-6 per tola. Sterling exchange which was tending to be quieter was a further factor lending strength to this market. The advance in rates continued and the market was exceptionally active in mid-March owing to the settlement. The technical position of the market favoured the bull element who caused ready to shoot up seven annas per tola to Rs. 22-0-6, though it eased off subsequently to Rs. 21-14. The price stood above Rs. 21-11-9 per tola, the minimum price at which the Controller of Currency would sell gold delivery Bombay if he were to exercise his option. At the higher levels the demand for trade fell off and the settlement being over, the price of ready dropped back to Rs. 21-9-6 per tola before the end of March. The daily offtake dwindled to some 6,000 to 7,000 tolas and although available supplies were comparatively small at some 75,000 tolas, there were large shipments en route from Durban. Prices remained almost unchanged at this level upto the end of April, with some minor fluctuations, and the offtake which in the meantime had improved to about 12,000 tolas a day, was easily met by large fresh arrivals from Durban swelling stocks to about 3½ lacs tolas. This improvement in the offtake, however, caused supplies, in absence of any more arrivals, to go down to 1,50,000 tolas by the beginning of May. These stocks were held in strong hands and with sterling exchange becoming quieter the result was a rise in the price of ready gold to Rs. 21-11 per tola in the first week and Rs. 21-13-3 in the second week of May. The rise was short-lived, however, and ready declined to Rs. 21-9-6 by the end of May owing to heavy arrivals from Durban. Stocks had swollen to 6 lacs tolas, and with money tight, difficulties of finance caused a decline in rates

Market opens easy.

Speculation rife.

Technical position favours bull operators.

Demand falls at higher levels.

Stocks held in strong hands.

despite easy sterling exchange. The offtake also showed no improvement ranging between 10,000 to 12,000 tolas a day. The ready rate fell off persistently and stood at Rs. 21-5-6 per tola by the end of June.

Good demand from Calcutta.

In early July, however, there was a good demand for the metal from Calcutta which caused rates to rise sharply, ready touching Rs. 21-9-3 per tola. Nearly 1½ lacs tolas were railed, but since the available supplies were still large at some 2 lacs tolas, rates fell off as sharply as they had risen with ready once again down to Rs. 21-6-6 per tola. The offtake was unchanged at 10,000 to 12,000 tolas a day, and as the stocks were being depleted and the visible supply was comparatively small, prices began to steady. Ready advanced to Rs. 21-9-3 per tola in the third week, but receded to Rs. 21-8-6 by the end of July. The daily offtake was still unchanged at some 10,000 tolas. The market remained steady upto mid-August when seasonal slackness began to set in and the offtake fell off gradually averaging about 8,000 tolas a day by the end of August. The price of ready at the same time declined to Rs. 21-7-0 per tola. The available supplies had increased in the meantime to some 4 lacs tolas and with a still further fall in demand during September, prices declined gradually, ready reaching Rs. 21-5-6 by the beginning of October. It may be pointed out that not only was the offtake small but gold was actually railed to Bombay for sale. Even quieter conditions in sterling failed to revive prices. The offtake, as a matter of fact, had now declined to an average of some 6,000 tolas a day with stocks approximating 3½ lacs tolas.

Market becomes inactive and prices fall.

The market remained dull and inactive during the first half of October and prices were almost stationary at Rs. 21-5-6 per tola for ready. The daily offtake showed no change at about 6,000 tolas and even in that included about 3,000 to 4,000 tolas which came for sale from upcountry. Stocks on hand were little altered at about 3 lacs tolas. At this stage a quiet tendency set in and prices began to decline; ready reached the low level of Rs. 21-4-6 per tola by the end of the month and was thus only 9 pies per tola above the Mint's buying rate. The situation was highly anomalous since this level of prices could be justified only if sterling exchange stood at the upper gold point. In fact however, the position was actually the reverse, sterling exchange standing at the lower gold point. The reasons accounting for this acute depression in rates were, firstly the very low demand for trade and secondly excessive imports of gold during the past few months. Between April and September gold to the value of Rs. 11·52 crores was imported as against Rs. 7·38 crores imported during the corresponding period in 1929.

Banks buy gold.

The market remained quiet and lethargic till almost mid-November when exchange banks began to take an interest in gold and bought it in moderate quantities as a hedge against sterling which still stood at the bottom rate of 1*s.* 5¾*d.* Prices rose sharply during the third week and ready reached Rs. 21-6-9 per tola. The demand being satisfied, continuous orders for sale from upcountry brought down the rates in the following week by as much as they had gone up. Once again gold became available at about Rs. 21-5-0 per tola. The offtake remained unchanged till the end of November at some 6,000 tolas a day and stocks were in the neighbourhood of 2½ lacs tolas.

In the second week of December there was a temporary rally in the price of gold and ready rose to Rs. 21-6-3 per tola. This was occasioned by a small shipment of gold valued at about Rs. 4½ lacs from Bombay to London. This was the first time in recent years that gold was shipped from this country in an exchange arbitrage operation. The local demand was unchanged and since stocks were still plentiful at about 4 lacs tolas, the price declined to Rs. 21-4-6 towards the close of the year.

Temporary rally in price.

The fall in the price of gold was accompanied by a proportionate decline in the price of sovereigns which opened at Rs. 13-6-3, being nine pies per piece lower than the closing rate of last year. In the following week, the rate declined another half anna, getting in closer proximity to Government's buying rate of Rs. 13-5-4. In point of fact, nearly 66,000 sovereigns were delivered to the Mint at the scheduled rate of Rs. 13-5-4 each, during the third week of January. But no further large blocks were expected to be tendered since to import them for the purpose with exchange at 1*s*. 5-15/16*d*. would have been a most unprofitable proposition. It however, incidentally proved that the bullion market attached little credence to the loose talk in certain quarters regarding an alteration in the rupee ratio. The market was now getting short of stocks and the price of ready began to improve steadily reaching Rs.13-11 by the beginning of March, although delivery middle April was quoted three annas under ready. By the third week of March ready sovereigns had gone up to Rs. 13-15 but soon eased off to Rs. 13-10-3, declining gradually to Rs. 13-8-3 by mid-April owing to large fresh arrivals. At this low level the demand began to get better and there was an upward movement in the price, Rs. 13-13 being reached in early May. Forward deliveries all the time remained about two annas lower despite the quieter rate for forward sterling exchange. On fresh arrivals at the end of May, prices gave way and the rate declined to Rs. 13-8-6 for ready. Throughout June a steady demand coupled with fair supplies available kept sovereign rates maintained at the level of Rs. 13-8-9.

Sovereigns open easy and delivered to Mint.

Shortage of supplies and prices rise.

In the absence of any fresh arrivals, available supplies were becoming reduced and with fair demand for the coins the price of ready improved steadily to Rs. 13-10-3 by the end of July. Forward delivery was quoted half an anna lower. Large orders for their supply were placed with Durban in view of the high prices ruling and as these began to arrive, prices tended to decline and ready touched Rs. 13-9-3 by mid-August. This level was maintained upto early September when prices suffered a further set-back owing to reduced enquiry from upcountry. Ready declined to Rs. 13-8-3 by the beginning of October with forward delivery standing three pies higher.

Prices continue steady.

The decline in the price of sovereigns continued till mid-October owing mainly to lack of demand and the rate reached Rs. 13-7-3 for ready and Rs. 13-7-6 for delivery 4th November. However, in the absence of any fresh arrivals, stocks were gradually reduced and prices reacted by the end of the month to Rs. 13-7-9 for ready and Rs. 13-8 for November 4th delivery. The upward trend was accentuated

Prices decline.

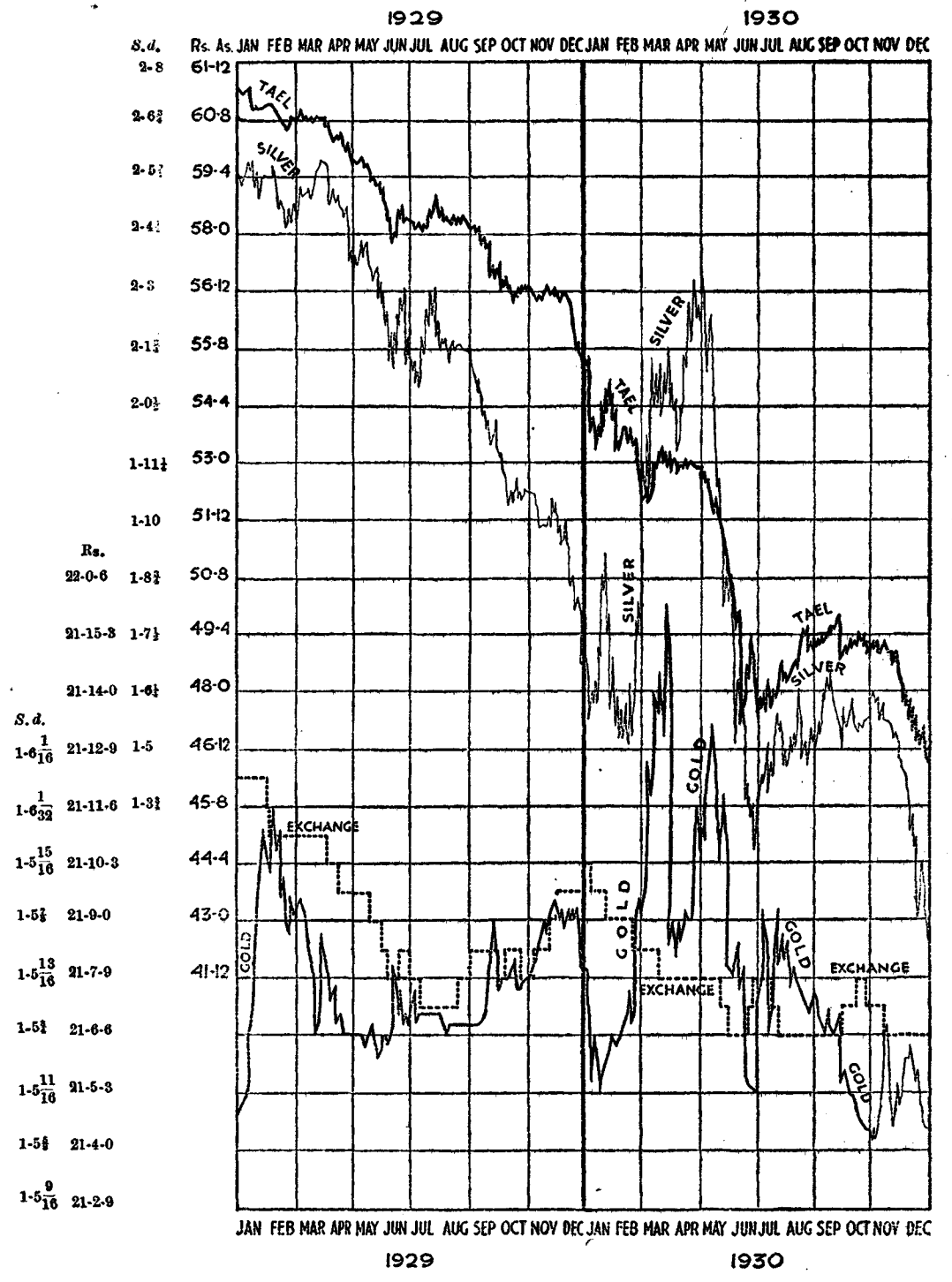
in the second week of November, banks and dealers coming out as buyers owing to the price being very much below the import parity and there were persistent rumours, though totally unfounded, of a change in the rupee ratio. The price advanced to Rs. 13-9 for ready as well as delivery 5th December and this level was maintained till the end of the month.

Dull conditions prevail.

There was little change in the price of sovereigns till almost the end of December when they became a shade quieter, ready declining to Rs. 13-8-3. February delivery stood half anna higher owing to the difference in sterling exchange rate. The demand on the whole was very poor since Madras now shares the gold trade which formerly was the monopoly of Bombay.

The total imports of bar gold and coins during the calendar year amounted to 2,790,647 fine ounces as compared with 3,178,998 fine ounces in 1929 and 3,749,939 fine ounces in 1928.

BULLION & EXCHANGE CHART.



NOTE.—Silver, Gold and Shanghai Tae lprice fluctuations in the chart are based on ready rates and Exchange on ready selling T.T. Rate

SILVER.

The silver market opened easy, influenced mainly by sales on account of China and American Banks in London. During the second week in January, ready touched the price of Rs. 47-9 per 100 tolas, a decline of about one rupee under last year's closing rate. At the same time 20-5-16*d.* per ounce was reached in London and this constituted then the lowest rate since 1833, prior to which no records are extant.

Market opens easy.

The local market was full of activity with erratic fluctuations and the demand from upcountry was quite brisk averaging about 260 bars a day. Supplies, however, were short and as bulls predominated a premium of one rupee for ready over February settlement was created. The prices also improved markedly, ready touching Rs. 51-2 though only for a short time. The daily offtake fell off to 170 bars consequent on high rates ruling. Fluctuations in the outside markets were equally wide, the tael rising by nearly a penny to 2*s.* 1*d.* while London silver gained 11/16*d.* to 21⅛*d.* per ounce. Despite the frantic movements in the tael, China banks took little interest in the local market though America featured as a small seller. Large arrivals from abroad together with some 1,700 bars delivered by the Bombay Mint to the local market on behalf of London brokers augmented stocks to 4,400 bars towards the close of January, causing depression in rates. Ready fell off precipitately from Rs. 51-2 to Rs. 47-4, barring temporary but slight reactions. Foreign banks took no interest, but inter-bazaar trading was on a large scale, and the daily offtake showed a substantial improvement to 280 bars which included the settlement offtake also. The premium on ready began to dwindle and in foreign markets the same movement was noticeable. The tael went down to 2*s.* 0-1/4*d.* and the price in London to 20-3/8*d.* per ounce ready. During the first half of February, the market remained comparatively dull with minor changes.

Erratic Fluctuations and active trading.

Marked Improvement in prices.

Bombay Mint delivers Bar Silver.

Trading in ready silver was particularly depressed owing to restricted railing on account of the strike on the G. I. P. Railway, but by the mid-February when conditions became normal, the daily offtake improved to 400 bars depleting supplies on hand to 1,400 bars. With the approach of the February settlement, which induced covering operations owing to apprehensions of a shortage of supplies, the price of ready began to improve and a premium of as much as Rs. 3 per 100 tolas was reached. In addition there was the usual pre-budget speculative demand for ready silver causing the daily offtake to go up to 500 bars. At the same time China banks bought silver in the London market on a fairly large scale resulting in a rise in the tael to 2-0$\frac{13}{16}$*d.* and the price in London to 20-7/16*d.* per ounce. Although

Railway Strike hampers trade in ready Silver.

Pre-Budget activity sets in.

the February settlement passed off smoothly, the pre-budget speculation controlled the price of ready and the disparity between ready and March settlement stood at Rs. 4 per 100 tolas towards the fag end of the month. Forward rates on the other hand were depressed on weak advices from other principal markets. In Shanghai the market had speculated on the imposition or otherwise of a duty on silver imports into China, but since it was made known at this time that Government had no intention of either imposing a duty or putting any restrictions on the imports of silver, the tael weakened from 1*s.* 11¾*d.* to 1*s.* 10$\frac{15}{16}$*d.* with a corresponding fall in London from 20*d.* to 19-11/16*d.* per ounce.

Premium on ready rises.

The cloud of uncertainty that had hovered over the market prior to the Budget was removed on the announcement by the Hon. the Finance Member in his Budget speech on the 28th February that an import duty of four annas per ounce would come into force from 1st of March, a duty which had been abandoned since 1920. There was a great deal of excitement in the market and the bazaar was engaged in active trade with prices fluctuating widely. The prices readjusted themselves to the amount of duty imposed, namely Rs. 9-6 per 100 tolas and ready was quoted at Rs. 53-15. The daily offtake was unaffected ranging round 350 bars, but stocks on hand were fairly ample at 4,400 bars. Orders for supplies for March settlement from London had been restricted owing to uncertainty regarding the duty and since the offtake still remained fairly good, reducing stocks considerably, the price for ready and near delivery advanced over forward. Rs. 55/5 including duty was reached for ready while April settlement was quoted at Rs. 43/15 ex-duty.

Duty on Silver.

Prices re-adjust.

At this juncture the offtake fell off from about 340 to 130 bars a day owing to the approach of the settlement and to the technical objection raised by the Bombay Shroffs' Association with regard to the application of duty on forward contracts, their contention being that the duty was payable only on such bars as had actually borne this duty. The rules, however, of the Bombay Bullion Exchange Ltd., were clear on this point and their case failed. In the meantime there were wide fluctuations in the rates and a premium of Rs. 1/12 for March over April delivery was created, though it shortly dwindled to annas ten. The price of ready was maintained at about Rs. 55-7 on firm advices from Shanghai and London. The March settlement passed off without any difficulty since the hollowness of the argument raised by the Bombay Shroffs' Association was clearly proved and the market resumed normal trading once again. The daily offtake began to mount and reached 400 bars by the end of March reducing the supplies on hand to 2,400 bars. Foreign markets were unperturbed by local conditions and tended to be easier; the tael declined to 1*s.* 11-1/8*d.* and the price in London went down to 19-7/16*d.* at the close of the month. There was yet a further fall in the tael to 1*s.* 10-15/16*d.* and in the London price to 19-3/16*d.* in the first week of

Off-take dwindles on Bombay Shroffs' Associations' Technical objection in connection with duty.

Daily offtake increases.

April resulting in a depression in local rates and ready lost about one rupee to Rs. 53-5 per 100 tolas. The offtake had also fallen from 400 to 200 bars a day and although stocks were further depleted to about 1,400 bars, fairly large supplies were on the way. By mid-April, however, the market assumed a steady tone owing to demand from Calcutta, where a large bull position had been created and ready silver advanced to Rs. 55-6. As the April settlement approached, with a shortage apparent in supplies, ready and April began to be quoted at a high premium over May settlement. The price improved from Rs. 55-6 to Rs. 57-2 for ready and from Rs. 45-5 to Rs. 47-15 ex-duty for April, while May was quoted 2 points lower than April. The too frequent squeezes on the part of bulls proved deterrent to business and speculators were not inclined to make any large commitments for the time being at least. In foreign markets also the conditions were lethargic. With the upcountry demand very low at about 100 bars a day and stocks ample at 3,000 bars, the price of ready declined to Rs. 55-4 in early May. Conditions remained static till the middle of May, when following the break in prices which occurred in Shanghai on reports that the Chinese Nationalist Government had prohibited the export of gold from and importation of foreign silver coins into China, the rates in our market dropped by Rs. 1-8, ready touching Rs. 53-10. The tael fell from 1*s.* 10-11/16*d.* to 1*s.* 10-1/8*d.*, while London silver dropped $\frac{3}{8}$*d.* to 19*d.* per ounce. The Shanghai market was panic-striken with an unprecedented fall in prices and no rate seemed low enough. Within less than three weeks, the Shanghai tael lost more than five pence and in London the price of 15-13/16*d.* was reached on 4th June. In the local market prices had dropped nearly 7 rupees per 100 tolas, ready standing at Rs. 46-14 which included Rs. 9-6 the amount of duty. The offtake remained very poor owing to the uncertainty of the trend of prices and ranged round 100 bars a day.

Stocks depleted.

Chinese Government prohibits export of gold and import of silver coins.

The tael declines.

Local rates collapse.

The rates had worked down so low that the bears decided to take their profit, while it required a lot of pluck to take a new bull position. The business was, therefore, reduced to very narrow dimensions. At the low levels prices reacted, ready moving up to Rs. 49. The tael rose to 1*s.* 7$\frac{1}{2}$*d.* and London silver gained from 16-3/16*d.* to 16-7/8*d.* The market now remained very irregular following movements in Shanghai closely. Fluctuations were much smaller and the decline seemed to be arrested for the time being. In the concluding week of June, however, there was renewed weakness in the Shanghai tael, which declined to 1*s.* 5-5/8*d.* In the local market ready silver was down to Rs. 44-9 including duty and was thus Rs. 14 per 100 tolas under the opening rate of the year. In London the rate for ready slipped to 15-7/16*d.* per ounce and in all cases the lowest records of the year were reached.

Business narrow.

Market irregular.

The low prices induced a good demand for trade and the offtake rose gradually till it reached 360 bars a day towards the close of June. Stocks at this time amounted to 2,400 bars. Forward business, however, was considerably restricted owing to political disturbances in the country together with certain changes that the Bombay

Offtake improves.

Bullion Exchange was contemplating in its existing rules. Although the August settlement had already opened, no business was transacted owing to the proposed changes in the Buillion Exchange rules.

Changes in Bombay Bullion Exchange rules.

The resolutions proposing changes were actually passed in the first week of July in the following terms to take effect from the September settlement :—Only those silver bars (996/999 fineness) that were either refined in America, or cast, assayed and numbered in H. M. Mint in India were tenderable at the settlement.

In case of a corner the vendor would not be liable to pay damages at a rate higher than Rs. 1-8 per 100 tolas over the market price on that day for the next settlement (formerly Rs. 3-8) and the purchaser would not be entitled to demand damages at a rate higher than Rs. 1-8 per 100 tolas over the quotation for the next settlement.

No member of the Exchange was to order out silver from London or British Bank stamp gold bars (Lagdi) and was not to sell the same either as ready or forward. No member was to enter into any forward transaction in London over and above squaring the transactions entered into before 1st July 1930.

No member was to enter into new transactions for Shravan (August) settlement except for the fulfilment of transactions entered into before the date of passing the resolution.

These resolutions were inspired by political sentiments and were impracticable if examined minutely and were detrimental to the best interests of the market itself. In point of fact fair shipments of silver were made from London after the passing of the above resolutions, but none the less trade was considerably curtailed, being diverted to other ports where no such restrictions were placed.

In the case of gold bars (Lagdi) of British Banks stamp, such a resolution was absurd and pointless since these sold on their own merits and always commanded a premium over ordinary gold. Their sale was in fact little affected since owing to the disparity in their price, they were not likely to be tendered at the settlement and besides trade in them was very small, compared with the total volume of gold imports into this country.

Business continues restricted.

The immediate effect of these changes in the Bullion Exchange rules was the curtailment of business to a considerable extent. Business for August settlement was commenced, but speculators were more cautious and price movements narrow, with a steadier undertone. Ready improved gradually reaching Rs. 47-5 per 100 tolas by the beginning of August with minor reactions in the interim. The offtake which had soared as high as 360 bars a day at the close of June, began to dwindle and in early August averaged only 135 bars a day. Stocks at this time, in the absence of any fresh arrivals, were depleted to 1,400 bars. It was not possible to obtain supplies from New York with the same promptitude as from London. As a consequence ready silver commanded a premium of about Re. 1 per 100 tolas over September

Stocks low and Ready commands premium

settlement. During the first half of August, trading remained very dull and the daily offtake declined further to 80 bars a day. The Shanghai market was equally dull at this time and movements in the tael were minor. The price of silver in London was not much altered from the level of 16¼*d.* per standard ounce. In the third week of August, however, there was an upward movement in the Shanghai tael with a corresponding rise in the local market. While the tael went up from 1*s.* 7⅛*d.* to 1*s.* 7¾*d.*, the price of ready silver in Bombay rose by over Re. 1 to Rs. 48-2 per 100 tolas. The offtake was slightly better at 125 bars a day and stocks were augmented to 4,100 bars on arrivals from London and New York. The gain in the price was short-lived since in the following week came reports from Shanghai which were subsequently confirmed that the Government had sold some 15 million ounces of silver to British banks for shipment from Bombay to China, payment in London. The price of ready fell to Rs. 46-6 per 100 tolas and the Shanghai tael declined from 1*s.* 7½*d.* to 1*s.* 6-15/16*d.* The tone was now highly erratic, and fluctuations were as wide as Re. 1 per 100 tolas. Closely following the sale of 15 million ounces came yet another rumour from Shanghai that Government of India were negotiating a further sale of 40 million ounces with a China Bank, but this was immediately denied in an official statement. The announcement was fully appreciated since it removed the uncertainty that might otherwise have prevailed in the silver market. The tone became steadier and the level prevailing prior to the sale of 15 million ounces by Government in mid-August was again reached, ready being quoted at Rs. 48-3 per 100 tolas on 12th of September. The Shanghai tael at the same time advanced to 1*s.* 7-9/16*d.* There was quite a fair amount of inter-bazar business transacted and in view of the technical position created in the market by heavy short sales, a premium of 6 annas for near over October settlement was created. America bought to cover previous sales. The offtake dwindled to 45 bars a day and stocks on hand amounted to 5,000 bars. The steady tone lasted upto the third week in September, ready reaching Rs. 48-7 per 100 tolas. Shanghai tael at the same time rose to 1*s.* 8*d.* and the price in London improved to 17*d.* per standard ounce. A special transaction was reported at this time and a 'Budla' of some 1,500 bars was made in the local market on London account. Indian Mint silver bars were delivered and were believed to be part of the recent sales of silver by Government to a China bank. Stocks on hand consequently swelled to 6,400 bars and the premium for ready which had stood at 6 annas narrowed to about one anna. The offtake was still very small being mere 65 bars a day. With large supplies available combined with weak advices from Shanghai, a sharp decline occurred in local prices. Ready fell to Rs. 46-12 but reacted to Rs. 47-8, while the Shanghai tael after dipping low at 1*s.* 7*d.* improved to 1*s.* 7-7/16*d.* Some 700 bars were shipped to Hongkong by a local bank and stocks by the beginning of October were reduced, in the absence of any fresh arrivals, to 4,800 bars. The daily offtake, however, was still poor at some 70 bars.

Stocks increase.

Government of India sells Silver in London and market becomes easy.

Government denies rumour.

Offtake dwindles

Further Indian Mint Bars delivered.

Prices decline sharply.

During the first half of October, the market maintained a steady tone, but fluctuations were small and business cramped. Ready ranged between Rs. 47-5 and Rs. 47-13 per 100 tolas. The Shanghai market also was very narrow, the tael moving between 1*s*. 7-5/16*d*. and 1*s*. 7-9/16*d*. The offtake was still unchanged at 70 bars but at the October settlement delivery was taken off of some 1,500 bars by a local bank on American account thus depleting available supplies in the market to 2,700 bars. At this stage, the market developed an easy tone following Shanghai advices and the price of ready suffered a loss of about 8 annas to Rs. 47. A premium of 4 annas, however, was quoted on ready owing to the absence of fresh arrivals. The tael fell from 1*s*. 7-9/16*d*. to 1*s*. 7-1/16*d*. and the price in the London market declined from 16$\frac{3}{4}$*d*. to 16$\frac{3}{8}$*d*. per standard ounce. Business continued to be restricted as speculators were not inclined to make important fresh commitments owing to uncertain trade conditions. The decline, however, proved merely temporary and the Shanghai tael reacted to 1*s*. 7-7/16*d*. with ready in the local market quoted at Rs. 48, in the first week of November. London price improved from 16$\frac{3}{8}$*d*. to 16-13/16*d*. per standard ounce. The offtake had improved slightly to 90 bars a day and stocks amounted to 3,000 bars and were in strong hands.

Business cramped.

Weakness develops.

The local market became a shade quieter in the second week of November following a drop in the tael to 1*s*. 7$\frac{1}{8}$*d*. with ready quoted at Rs. 47-12. The offtake dwindled to about 60 bars a day, while stocks increased to about 3,900 bars owing to the delivery of some 1,200 bars made from the mint to the market, probably on London account. The quiet tone continued till the end of the month with rates declining further. Ready touched Rs. 47 per 100 tolas with the tael dropping to 1*s*. 6-15/16*d*. and the price in London to 16$\frac{1}{2}$*d*. per standard ounce. Business was still very dull with the daily offtake remaining in the neighbourhood of some 75 bars and stocks amounting to 3,600 bars.

Fall continues.

The weakness that developed during November was further accentuated in December and in the first week there was a fall of about Re. 1 in the price of ready to Rs. 45-15 per 100 tolas. It was reported that about 2,000 bars of ready silver were sold in the local market on foreign account and formed a part of the stocks held locally. The Shanghai tael dropped from 1*s*. 6-15/16*d*. to 1*s*. 6-1/16*d*. and the price in London lost a half penny to 16*d*. per ounce. The offtake showed a slight improvement to 80 bars a day, while the available supplies in the absence of fresh arrivals were reduced to 3,200 bars.

Large sales on foreign account.

In the following week, there was a further fall, ready touching Rs. 45, a level reached only once before in June 1930. From this level it reacted to Rs. 45-6, but declined to Rs. 44-9 on 11th December. The tael reached the low level of 1*s*. 5-9/16*d*. and the price in London fell to 15-7/16*d*. per ounce standard. Trading in the local market was restricted owing to lack of confidence and speculators were cautious. The fall, however, continued and in the third week prices broke sharply following London where the rate declined by $\frac{3}{4}$*d*. per ounce owing to sales on behalf of the Persian Government Ready slumped to Rs. 43 per 100 tolas cum-duty, a price never reached before—at least not during the last century for which records are available. The tael dropped at the same time from 1*s*. 5-11/16*d*. to 1*s*. 5$\frac{1}{8}$*d*. and the price in London from 15$\frac{1}{4}$*d*. to 14$\frac{1}{2}$*d*.

Fall accentuated.

Towards the end of the month, the continuous fall was checkmated and a reaction towards higher level set in. Ready rose to Rs. 44-6 per 100 tolas. The supplies in our market had been reduced to the low figure of 2,100 bars and apprehending a shortage at the settlement, bears covered their short sales. As a consequence near delivery went to a premium of 8 annas over February settlement. This was further strengthened by rumours emanating from Calcutta that the duty on silver would be enhanced prior to the budget and the premium on ready shot up to nearly Rs. 1-12 over February settlement. There was, however, no corresponding strength in foreign markets and in fact the tone was easy both in Shanghai and in London. The tael dropped to the unprecedented low level of 1*s*. 4⅛*d*. and the rate in London reached the lowest on record, namely 14-7/16*d*. per ounce standard. In the local market the price of ready stood at Rs. 44 per 100 tolas at the finish. The daily offtake was still very poor averaging 90 bars, but stocks were depleted to 1,700 bars. The total imports of silver bullion during the calendar year amounted to 98,799,441 standard ounces. In addition 4,400 bars of Indian refined silver are reported to have been delivered by the Bombay Mint.

Slight reaction in rates.

Closes weak.

The Hongkong (British) dollars continued to be minted with this change that the silver bullion for coinage had to be supplied by the parties and not necessarily bought from Indian Government as hitherto. The total number of Hongkong dollars minted and shipped from Bombay amounted to Rs. 65,31,519.

Hongkong dollars.

A bill was passed by the Medjlis in Teheran on 30th January prohibiting the import of silver into Persia on the ground that depression in its price was resulting in the dearness of foreign exchanges and thereby hampering trade of the country.

Silver imports in Persia prohibited.

It was officially announced in the third week of January that French Indo-China had established its currency on gold basis effective 1st February, on the basis of one piastre equal to 1*s*. 7½*d*.

French Indo-China establishes gold Standard.

Replying to questions in the Legislative Assembly in early February regarding the unprecedented fall in the price of silver, the Hon. Sir George Schuster, the Finance Member of the Government of India, stated that it had been caused by sales of the metal by China and Indo-China and by reduced use in currency, including reduction in fineness. At the same time no effort had been made to curtail world production. He mentioned that the recent fall in the price of the metal could not be wholly attributed to the Government sale of silver, and also pointed out that such sales were being directed in the best interest of the country as a whole and not of any particular class of holders. Government would carefully consider before putting up large blocks for sale. Answering supplementary questions, the Finance Member stated that it was not in the public interest to give details of silver sales, but informed the House that the present silver holdings amounted to Rs. 108 crores as compared with less than 100 crores in the previous year. Finally the Hon. Member agreed to a private discussion on this subject with the Leader of the Opposition and with Sir Purshottamdas Thakurdas.

Legislative Assembly discusses fall in silver price.

The Finance Member's explanation of the causes for the fall in silver was considered satisfactory, particularly in view of the fact that world production of silver had increased by nearly 50 per cent. as compared with 1921. It was estimated that the total sales of silver by Indian Government during the calendar year of 1929 amounted to about 21 million ounces or little more than those of French Indo-China. The aggregate amount of silver put on the market in the past calendar year (1929) including world production and demonetised silver was about 300 million ounces or about the same as in 1928. In 1930 the sales of silver by the Government of India are estimated at about 25·34 million ounces.

Changes in Bombay Bullion Exchange rules.

The Bombay Bullion Exchange Ltd. passed the following resolution replacing the previous rule regarding duty imposed on silver or gold. The rule as amended reads as follows :—

Rule 20 :—In the event of any tax, duty of Customs or Excise on gold or silver being imposed or increased, after making of any contract, the seller will on delivery be entitled to add to the contract price an amount equivalent to the amount of duty imposed or increased as the case may be and the purchaser shall be bound to pay to the seller such additional amount.

If the duty is decreased or remitted after the making of any contract, the purchaser will, when taking delivery, be entitled to deduct an amount equivalent to the amount of decrease or remission as the case may be from the contract price.

In no case any proof as to whether the duty has been paid, can be called for.

The above provisions will also apply to His Majesty's Indian Mint Silver.

Silver coins minted in France.

Reports emanating from London about mid-November stated that the mintage of 20 and 10 French franc silver pieces was being commenced, but the operation would be gradual extending over a considerable period and that coins would probably not be in circulation before 1932. As regards the necessary silver, the French treasury already has sufficient, as they repurchased from the Bank of France the stock of silver coins held by that institution when the new Monetary Law came into force in June 1928.

SHARES.

Market opens nervous.

The share market opened in a nervous mood with a sharp break in prices and some of the scrips touched lower levels than during the crisis of June 1929, when the market had to be kept closed to all forward business for 24 days. In early January Bombay Dyeings had fallen as low as Rs. 642-8, 63 points under the closing rate of last year. Fazulbhoys touched Rs. 442-8 and Centurys Rs. 236-4. In the miscellaneous section, similar conditions prevailed and Tata Steel Ordinaries lost about seven points to Rs. 51-4, while Deferreds declined from Rs. 267-8 to Rs. 242-8. The losses in the case of steels, however, were partially recovered on the 10th, the former improving to Rs. 55-2 and the latter to Rs. 261-4. The Hydro group suffered the worst, with Tata Hydros down to Rs. 1,090, Andhra Valleys to Rs. 600 and Tata Power Ordinaries to Rs. 497-8. Bombay Burmah slipped to Rs. 725, while Bombay Steams fell to Rs. 186-4. Imperial Bank shares were maintained at Rs. 1,340 for fully paid up and Rs. 332-8 for contributories. Bank of India shares dropped from Rs. 94-8 to Rs. 92-12.

Prices recover on profit-taking.

The low prices that had been reached induced profit-taking by bears. Furthermore, it was rumoured that some of the cotton mills were contemplating a pooling system on the lines obtaining in Lancashire. This naturally resulted in a small reaction in prices by mid-January and Bombay Dyeings rose to Rs. 668-12 and Fazulbhoys to Rs. 468-12. On the other hand, the miscellaneous section remained comparatively dull excepting steels which continued as the favourite speculative counter. Tata Ordinaries were steady at Rs. 54 and Deferreds at Rs. 259-6. Hydro shares saw a slight improvement, while Steam shares and Cements were unchanged. Bank shares showed advances, Imperial Bank fully paid to Rs. 1,342-8 and the Bank of India to Rs. 93-8.

Reaction short-lived.

The reaction was short-lived and there was renewed weakness towards the end of January. Prices once more went below the low levels reached during the June 1929 crisis. Bombay Dyeings fell 30 points to Rs. 636-4 while Centurys dropped from Rs. 250 to Rs. 233-12. Fazulbhoys, on the other hand, had a sharp rise from Rs. 431-4 to Rs. 461-4 owing to speculative demand. The miscellaneous section was not any better with Tata Ordinaries lower by five points at Rs. 48-8. The Hydro group lost about Rs. 20 a share, while Steam and Cement shares were slightly lower. Railway shares were also affected, Ahmedabad Prantij declining by Rs. 30 to Rs. 780, but Bank shares remained unchanged.

Cotton Mill Shares rise owing anticipation import duty.

The decline was again followed by a reaction in prices at the end of January on bear covering which was further helped, particularly in the case of cotton mill shares, by the anticipation of increased protection to the mill industry in the next Budget. As a consequence, Bombay Dyeings rose to Rs. 653-12, Centurys to Rs. 235 and Fazulbhoys

to Rs. 490. Similar movements were noticeable among the miscellaneous shares, where Tata Iron Ordinaries improved to Rs. 51-8 and Deferreds to Rs. 256-4. Hydro group shares were all higher by a few points, while Steams and Cements were maintained. Railway shares lost further, Ahmedabad Prantij going down to Rs. 770 and Tapti Valleys to Rs. 656-4. The bulls had now got into a better position and checked definitely the bear raids which had been a feature of the market for some time. Prices were getting stabilised, particularly in the cotton mill group. In the miscellaneous section, Tata Iron Deferreds witnessed a noticeable rise in price to Rs. 286-4 in early February on large speculative buying, while Ordinaries on the other hand dropped from Rs. 49-8 to Rs. 44-10. Hydro shares were all quiet, with minor price changes, while Cements were in good demand, Bundis at Rs. 16-6 and Indian Cements at Rs. 236-4. Railway shares advanced sharply, Ahmedabad Prantij from Rs. 700 to Rs. 766-4. Bank shares were still maintained except Imperial Banks which declined somewhat, fully paid touching Rs. 1,285 and contributories Rs. 317-8.

Bear raids checked.

The market continued to exhibit an upward trend throughout February, especially in the cotton mills group since rumours regarding the imposition of an import duty on piecegoods were gaining greater force. Business began to increase in volume and the market presented a healthier outlook. Bombay Dyeings rose steadily to Rs. 692-8 towards the end of February while Fazulbhoys after advancing sharply on strong bull support to Rs. 508-12, receded to Rs. 473-12. Centurys gained about Rs. 30 to Rs. 261-4. In the miscellaneous section Tata Iron Deferreds received the same attention as Fazuls and advanced to Rs. 311-4, while Ordinaries were neglected and stood around Rs. 45. Bombay Burmahs ruled easier declining to Rs. 660. Cement shares were also a shade quieter, Bundis being quoted at Rs. 16 and Indian Cements at Rs. 225. Railway shares were in strong position, Ahmedabad Prantij jumping to Rs. 808-12, while Bank shares were weak, Imperial Banks falling to Rs. 1,255 for fully paid and Rs. 312-8 for contributories. Bank of India shares were quoted at Rs. 91.

Upward trend continues.

The proposals in the Budget regarding an increase of 4 per cent. in the general revenue duty on piecegoods raising that duty to 15 per cent., and in addition a further 5 per cent. protective duty on all piecegoods from outside the United Kingdom of Great Birtian and North Ireland with a minimum of 3½ annas per lb. on plain grey goods, strengthened confidence in the share market and a buoyant tone was manifest. It was generally expected that this proposal would have a favourable reception at the hands of the Legislature since the Industry was in dire need of such a measure. The bulls who had already taken a position felt themselves stronger and began to squeeze the bears. Prices advanced sharply and within less than a fortnight (mid March) Bombay Dyeings went up a 100 rupees to Rs. 791-4. Fazulbhoys advanced to Rs. 536-4 and Centurys to Rs. 293-12. In fact every share in the cotton group began to improve and scrips that had been neglected altogether now began to be in demand at higher prices. In the miscellanous section also, prices improved in sympathy, Tata Iron Deferreds touching the record rate of Rs. 326-4 on 1st March. Hydro group shares were booming, Tata

Duty increased on imported piecegoods.

Prices advance.

Hydros advancing to Rs. 1,227-8, Andhra Valleys to Rs. 695 and Tata Power to Rs. 581-4. Cement shares were very steady, Bundis being quoted at Rs. 17-4 and Indian Cements at Rs. 257-8. Railway and Bank shares were maintained.

A buoyant tone prevails.

The immediate effects of the Budget proposal being over, the market began to settle down and awaited the final outcome of the discussions on the Protective Tariff Bill in the Assembly. Prices reacted toward lower levels and there was a fall of 10 to 20 points in the bigger denomination shares of the cotton mills group. In the miscellaneous section also a similar movement was discerned and most of the scrips declined a few points. Investors were not inclined to do any large business pending the outcome of the Tariff Bill and trading became comparatively dull. The Bill was passed by the Assembly on the 1st April and the share market assumed a buoyant tone once again. The decision was accorded a universal welcome by the business community. Bombay Dyeings went over Rs. 800 in early April and Fazulbhoys touched Rs. 550. Centurys rose to Rs. 310 and there was a good enquiry for most of the other shares. In the miscellaneous group there was a general rise in prices, Tata Ordinaries advancing to Rs. 53-4 and Deferreds to Rs. 307-8. Bombay Burmahs improved from Rs. 681-4 to Rs. 706-4 and Bombay Steams gained 12 points to Rs. 195. Bank shares also followed the rise, Imperial Bank fully paid improving from Rs. 1,260 to Rs. 1,287-8, while the Bank of India shares moved up three points to Rs. 91.

Political disturbances interrupt business.

The good that was reasonably expected to result from the Protective Tariff Bill was in a large measure counteracted by the political disturbances which developed throughout the country and interfered with the normal course of business. Closures became frequent and business was curtailed considerably. The tone of the market, however, remained steady till the end of April. Bombay Dyeings rose to over Rs. 830 with Centurys in demand at Rs. 331-4 and Fazuls at Rs. 560. Shares in the miscellaneous section improved likewise, Tata Ordinaries going up to Rs. 55-12 and Deferreds to Rs. 317-8. Imperial Bank shares advanced further to Rs. 1,340 for fully paid and Rs. 325 for contributories.

Situation very bad and prices fall.

The political situation appeared to be going from bad to worse and this factor combined with some disquieting news from the North West Frontier caused a certain amount of temporary depression the local market. It was also affected adversely by 'hartals' closures for several days during May. Bombay Dyeings fell off to Rs. 807 in early May, Centurys to Rs. 303-12 and Fazulbhoys to Rs. 500. In the miscellaneous group Tata Iron Ordinaries declined to Rs. 51 and Deferreds to Rs. 302-8. Hydro group shares all lost about 20 points and Bombay Burmahs receded from Rs. 701 to Rs. 686-4. The fall was, however, soon arrested particularly in the cotton mills section owing to the movement for the boycott of foreign cloth, which was being vigourously carried on by the Congress. All mill shares began to rise and Bombay Dyeings touched Rs. 837-8 on 13th May, Centurys Rs. 325 and Fazuls Rs. 535 the same day. The market being pre-occupied in the mill group, little interest was displayed in the miscellaneous section and prices moved within a narrow compass. Things remained dull till the beginning of

June, business being restricted owing to the market closing very frequently on political grounds. By about mid-June, the bull operators began to unload and this coupled with falling demand in the cloth market and the low price of raw cotton, caused prices to decline in almost all sections. Bombay Dyeings fell sharply reaching Rs. 747-8 on the 17th June. Centurys at the same time receded to Rs. 276-4 and Fazulbhoys to Rs. 447-8. All other shares of this group lost a few points. In the miscellaneous section no better feeling prevailed and Tata Ordinaries dropped to Rs. 48 and Deferreds to Rs. 293 -12. Tata Hydros lost several points to Rs. 1,140 while Bombay Burmahs touched Rs. 635. Railway shares were little altered, but the Bank shares which had shown a tendency to rise also began to fall off. Imperial Bank fully paid declined from Rs. 1,330 to Rs. 1,285 and Bank of India shares were quoted at Rs. 88. The fall continued throughout June and now became more precipitous owing to the sensational fall in the price of raw cotton which touched Rs. 196 per candy, the lowest price since 1914. Stocks of raw cotton as well as cloth had accumulated heavily; the former amounted to about 14 lacs bales and the slump in its price had caused the value to depreciate by almost Rs. 3½ crores. Cotton mills group had to bear the brunt and many high-priced shares lost 20 to 30 points. At the close Bombay Dyeings fell to Rs. 733-12, Centurys to Rs. 266-4 and Fazulbhoys to Rs. 452-8. The miscellaneous section followed suit and Tata Iron Ordinaries declined to Rs. 43-12. Tata Hydros found several sellers at Rs. 1,123-12 without any keen buyers. Bombay Burmahs declined to Rs. 622-8. Railway shares, however, were little affected. Imperial Bank shares declined to Rs. 1,275 and those of the Bank of India to Rs. 85.

Market becomes panicky.

The market became panicky at this juncture and there was great pressure from sellers with an almost complete absence of buyers. The "hartals" were becoming more frequent which made things still worse. In fact between 1st and 11th July the market was open for only two days. Grave concern was felt in business circle lest the hartal fever should infect the mills and adversely affect the normal working of this premier industry. When the market reopened after ten days closure on 11th July there was a slump in prices. Bombay Dyeings fell from Rs. 726-4 to Rs. 676-4, Centurys from Rs. 266-4 to Rs. 242-8 and Fazulbhoys from Rs. 452-8 to Rs. 417-8. Prices in the miscellaneous section also were lower but the fall was not as marked as in the mill group. Tata Iron Ordinaries declined from Rs. 43-12 to Rs. 39-8 and Deferreds from Rs. 297-8 to Rs. 287-8. Tata Hydros lost 30 points to Rs. 1,100 and as the shares were sub-divided, each of the Rs. 1,000 into ten of Rs. 100, the new share of Rs. 100 denomination was quoted at Rs. 110. Andhra Valleys lost 10 points to Rs. 611-4 with Tata Power receding from Rs. 518-12 to Rs. 487-8. Bombay Burmahs suffered a setback from Rs. 622-8 to Rs. 592-8. All other scrips were quieter but with small business.

Railway shares were practically unchanged while Bank shares were a shade easier. Bank of India shares closed at Rs. 82 and Central Banks at Rs. 15-10.

Market closed to business in Shares on forward list.

Becoming apprehensive of a crash, the Board of Directors of the Stock Exchange held an urgent meeting on the same day, *i.e.* 11th July and decided to close down the stock exchange forthwith until further notice. There was to be no trading either for cash or forward in shares on the forward list, though

shares dealt in on cash terms could be bought and sold. This was not unprecedented, similar action having been taken in June 1929 when the market was kept closed for 24 days. The decision this time, however, came too suddenly and sprung a surprise on the business community at large. The step taken by the authorities was subjected to adverse criticism both inside and outside the Stock Exchange. It was suggested that if the Committee believed that the situation was such as to warrant the closing of forward business, there seemed to be no justification for prohibiting business in shares on the forward list strictly for cash. Shares in the cash list were adversely affected by the closing down of the market and prices in many cases suffered a heavy fall. Andhra Valleys declined further to Rs. 610 and Katni Deferreds to Rs. 640. Bank of India shares lost to Rs. 79-12 while Central Banks were unchanged at Rs. 15-8. Scindia Steams dropped from Rs. 8-4 to Rs. 8.

Market continues closed; criticism aroused.

In the first week of August the Board decided to keep the market closed and to allow the carrying forward of bazaar commitments to the next settlement on a 6 per cent. interest basis. The differences were to be adjusted at rates fixed by the Board which were proximate to those ruling on the last working day. The payments for the August settlement were made and difficulties tided over. Even then the Stock Exchange Committee did not consider it right to open the market. Great resentment was felt at their inaction in the matter, more particularly at the continued prohibition of cash dealings in shares on the forward list. It was pointed out that many of the cotton mills whose shares were in the forward list were mills which had not had to close down and in the case of miscellaneous shares such a restriction seemed most unnecessary. Lawyers' opinions which were invited touched on the legality of the action only and did not prove its necessity. The injustice of the embargo was brought to the notice of the Government of Bombay, who, it must be said to their credit, gave their serious consideration to this question. Things drifted along for some time, but resentment grew in intensity since it became increasingly evident that for the protection of a few operators, all other genuine investors were being penalised. The Stock Exchange authorities accordingly admitted from the first week in September, 18 scrips on the forward list to cash business. This was proof in itself how unjustified and unnecessary their action had been. Most of the scrips that were declared open had never been seriously threatened as business in them had always been of a restricted nature. Resentment was not at all abated since the number of privileged scrips was very small when compared with the whole list. The Stock Exchange Committee was stirred by public criticism and they invited a few members to give their advice and views in the matter. Such a step was futile at this juncture since the worst had already happened, although their advice could have been of immense value to the Committee prior to the original decision of closing down the market. The Board now decided to open the market not only for cash but also for forward transactions on and from 11th October. Owing to fears of a crisis, however, the dates of the October settlement were postponed to November 21st to 24th 1930. Although there was a general agreement among bankers, brokers and the investing

Bombay Government approached.

Board decides to reopen Market.

public on the necessity of opening all scrips to cash business, opinion as to forward business was in a great measure in favour of keeping it closed until times became normal. It spite of this, the Board suddenly, though not quite voluntarily, completely reversed this decision which only a little earlier they had thought to be in the public interest. Their original decision to close the market and their inaction in the matter for three months were thus based on fears more imaginary than real. The Hon. the Finance Member of the Government of Bombay had moved in the matter by inviting opinion from various commercial bodies and businessmen in connection with the muddle on the Stock Exchange and they rightly insisted on the Committee's removing the ban placed on *bona fide* cash transactions. The created "hartal" thus came to an end.

Conditions improve.

Between the date of the decision and the date of reopening of the market, *i.e.* 11th October, conditions in general improved and the offtake and clearances of piecegoods steadily increased. A feeling of optimism began to replace the dark pessimism of the previous three months and it was excepted that when business was resumed a healthier tone would prevail.

Cash shares unaffected.

The closing of the market in July did not seriously affect cash shares which began to recover after the first week of closing on slightly improved inquiry, with Andhra Valleys quoting at Rs. 627-8 and Katni Deferreds at Rs. 722-8. Bank of India shares rose sharply to Rs. 87 while those of the Imperial Bank were steady at Rs. 1,240 for fully paid. The partly paid, however, gained 5 points to Rs. 315. Prices began to improve steadily, but business was of a hand-to-mouth nature. In the first week of September great interest was evinced by the market in Tata Steel second Preference shares owing to certain differences reported to be existing between the Company's directors and Government in the matter of a dividend on this issue. Their prices suffered a setback on the board's final decision not to pay dividend and quite a number of shares was offered for sale, the price going as low as Rs. 46 in the third week of September. By the end of the month, however, prices reacted, second Preference improving to Rs. 49-12. Bank shares were slightly quieter with Imperial Banks placed at Rs. 1,232-8, the Bank of Indias at Rs 80 and the Central Banks at Rs. 14-10.

Market reopens easy.

The market opened to forward business on October 11th as previously announced, but all prognastications of a steady opening proved unfounded since bears sold heavily and brought down prices in the case of cotton mill shares by 20 to 30 points in big scrips. In fact before it was decided to open the Stock Exchange, the concensus of opinion had been in favour of restricting all scrips strictly to cash dealings, forward business being prohibited for the time being. Bombay Dyeings which had stood at Rs. 676-4 on 11th July when the market was closed, fell to Rs. 657-8, while Fazulbhoys dropped from Rs. 417-8 to Rs. 367-8. Central India lost from Rs. 402-8 to Rs. 386-4 and Centurys from Rs. 242-8 to Rs. 240.

In the miscellaneous group things were no better and in fact the proportionate loss was much larger. Tata Iron Ordinaries declined from Rs. 39-8 to Rs. 29, a loss of nearly 33 per cent. Tata Power lost over Rs. 40 to Rs. 443-12, while Bombay Burmahs receded by Rs. 20 to Rs. 572-8. Indian Cements declined from Rs. 202-8 to Rs. 185. Tata Iron Deferreds and Railway shares were among those that maintained their position, the major portion of these shares being in strong hands.

Miscellaneous Shares weak.

Bank shares in which dealings had never been closed had been declining gradually. Imperial Banks fully paid up shares which stood at Rs. 1,275 on 16th July had by now come down to Rs. 1,222-8.

Bank Shares declining.

In the following two weeks the market remained open for only four days and a most unusual feature was the closing of the market on "Diwali" (for Moorat business) owing to the political movement. Though business was considerably restricted, there was a general improvement in prices with a much better undertone. Bombay Dyeings rose to Rs. 686-4, Fazulbhoys to Rs. 405, Central India to Rs. 405 and Centurys to Rs. 257-8.

Market closed on "Diwali" for Moorat business.

In the miscellaneous section similar conditions prevailed and there was a general rise in rates. Tata Iron Ordinaries gained 3 points to Rs. 31-12, while Deferreds were almost unchanged at Rs. 288-12. Bombay Burmahs were steady at Rs. 587-8, Andhra Valleys at Rs. 612-8, and Tata Hydros at Rs. 110. Cement shares improved, Bundis from Rs. 14-8 to Rs. 14-12 and Indian Cements from Rs. 185 to Rs. 188-12. Imperial Banks declined further from Rs. 1,222-8 to Rs. 1,212-8, while Railway shares showed no change.

Miscellaneous Shares rise.

During November the market remained very dull being open to business for only 17 days. The fluctuations were very narrow and cotton mill shares varied in accordance with the variations in the price of raw cotton and the clearances of local mills' piecegoods. During the second week and just prior to settlement of accounts for the October settlement, which had been fixed for 21-24 November, prices tended to be easier. The apprehensions entertained in certain quarters which had led to this postponement proved groundless however, and the settlement passed off smoothly. Bombay Dyeings after touching Rs. 667-8 recovered to Rs. 673-12; Fazulbhoys which had fallen to Rs. 363-12 in the third week improved at the close to Rs. 385.

Market dull.

The miscellaneous section ruled easier on the whole and the percentage of price decline was larger. The absence of investors rather than pressure to sell accounted for the easy tone. Tata Ordinaries declined to Rs. 25 and Deferreds to Rs. 281-4. Tata Hydros dropped to Rs. 103-12 and Andhra Valleys to Rs. 582-8. A notable fall occurred in Bombay Burmahs owing to the reduction in the rate of dividend paid this year. The price fell from Rs. 575 to Rs. 483-12, but recovered at the end of the month to Rs. 501-4. Indian Cements after declining to Rs. 163-12 improved to Rs. 182-8.

Miscellaneous Shares easier.

Railway Shares steady.

Railway shares were generally steady with a small improvement in rates. Bank shares on the other hand were easy. Imperial Bank shares declined persistently from Rs. 1,210 to Rs. 1,170, recovering at the close to Rs. 1,197-8. Contributories after falling to Rs. 293-8 closed steady at Rs. 300.

Market closed owing to holidays.

During December the market was closed on most days owing to holidays as well as for political reasons. Trading as such was narrow, and prices on the whole tended to be easier. Cotton mill shares suffered further loss owing to the continuous fall in the price of raw cotton and smaller offtake of cloth. Bombay Dyeings declined to Rs. 638-12 by mid-December but recovered at the close to Rs. 648-12 owing to covering of short sales by bears who were reluctant to keep an open position over the X'mas holidays. Fazulbhoys dropped from Rs. 385 to Rs. 357-8 improving at the close to Rs. 361-4.

Miscellaneous section dull.

In the miscellaneous section conditions remained very dull and prices receded further. Tata Deferreds fell to Rs. 265 and Ordinaries to Rs. 21-4, but were slightly better at the close, the former rising to Rs. 277-8 and the latter to Rs. 22-8. The Hydro Electric group of shares showed no change, while Cement shares ruled a shade easier. Indian Cements were down to Rs. 167-8 but closed at Rs. 171-4. Railway shares showed no improvement of any importance. Bank shares were steadier, Imperial Bank fully paid improving to Rs. 1,210 and Contributories to Rs. 306-4. At the finish however, the former receded to Rs. 1,200 and the latter to Rs. 300.

Memorandum on Bombay Textile Industry.

In a memorandum on the Bombay Textile Industry prepared by the Government of Bombay, and published on 24th February, the situation was considered exhaustively under the four heads of Capital, Labour, General public and Government position.

The importance of the mill industry to the prosperity of the City was recognised and acknowledged as warranting the Government's giving every possible help in relieving the present depression. In this connection, it was pointed out that the 81 mills on the island of Bombay have a paid-up capital of Rs. 14·76 crores, with a block account of Rs. 27½ crores for 73 mills. There are altogether 3,451,000 spindles and 74,125 looms and the average number of workmen employed is 130,000.

With regard to Capital, the memorandum recognised that the millowners were making every effort to tackle the problems confronting them. The Fawcett Committee's recommendations had been accepted *in toto*, and the Committee's attention was engaged by the important questions of wage, standardisation, popularisation of production, amalgamation of centralised buying and selling, grouping of mills for the purpose of specialising in production, writing down of capital and co-operative effort. Approaching the labour problem, the Committee of Millowners had made many suggestions with a view to removing the workmen's grievances, such as direct access to officials, direct recruitment, etc.

Dealing with the second heading, Labour, the note pointed out that there had been 317 disputes in the cotton mill industry alone since 1921, the strikes of 1924, 1925, 1928 and 1929 being the most important. The first was caused by the question of the payment of bonus, the second by a decision to reduce wages by 11½ per cent. and the third lasting from April 16th to October 6th, 1928, by the introduction of new systems of work and standardisation in accordance with the recommendations of the Textile Tariff Board. The 1929 strike resulted from the dismissal of certain persons in the Wadia group of mills and spread throughout the industry, being fomented, as later evidence brought out, by the activities of the Girni Kamgar Union.

Government recognised that assistance should be given to the industry and that at the same time labour should be kept contented through better wages and living conditions. Organisations for the spread of subversive and communistic doctrines should be kept down, but ligitimate trade unions run by disinterested officials and uninfluenced by political bias, would greatly help the labour situation. A particularly interesting paragraph is as follows :—

> " Ahmedabad offers an interesting and encouraging examples of what can be done in the way of organising labour. In Bombay there is no equivalent to Mr. Gandhi, nor is there the same close personal touch between the workers and the employers that one finds in Ahmedabad where the average millowner spends the greater part of his time in his mills. As has been pointed out, the trade unions in the textile trade in Bombay are virtually non-existent and recognising this the millowners are endeavouring to get in touch with their men direct."

It is an interesting question for consideration, whether the Bombay Mill industry would actually welcome this solution of the labour question, and whether the Ahmedabad plan would prove an adequate substitute for the firm stand which should be expected from Government against all Red agitators and other disturbing elements.

Among remedial measures, there was suggested the importation of an expert versed in the technicalities of the textile trade, who would represent labour and sit on the Conciliation Board Court of Enquiry or Board of Arbitration. It was also suggested that the Trade Unions Act and Trade Disputes Act should be amended so as to invest the Registrar with more powers of supervision and intervention as in Great Britain. Regarding Tariff, the case for protection was acknowledged, but it was pointed out that a tariff alone was insufficient and that reorganisation of the industry and the promotion of a healthy atmosphere within it were essential preliminaries to economic recovery.

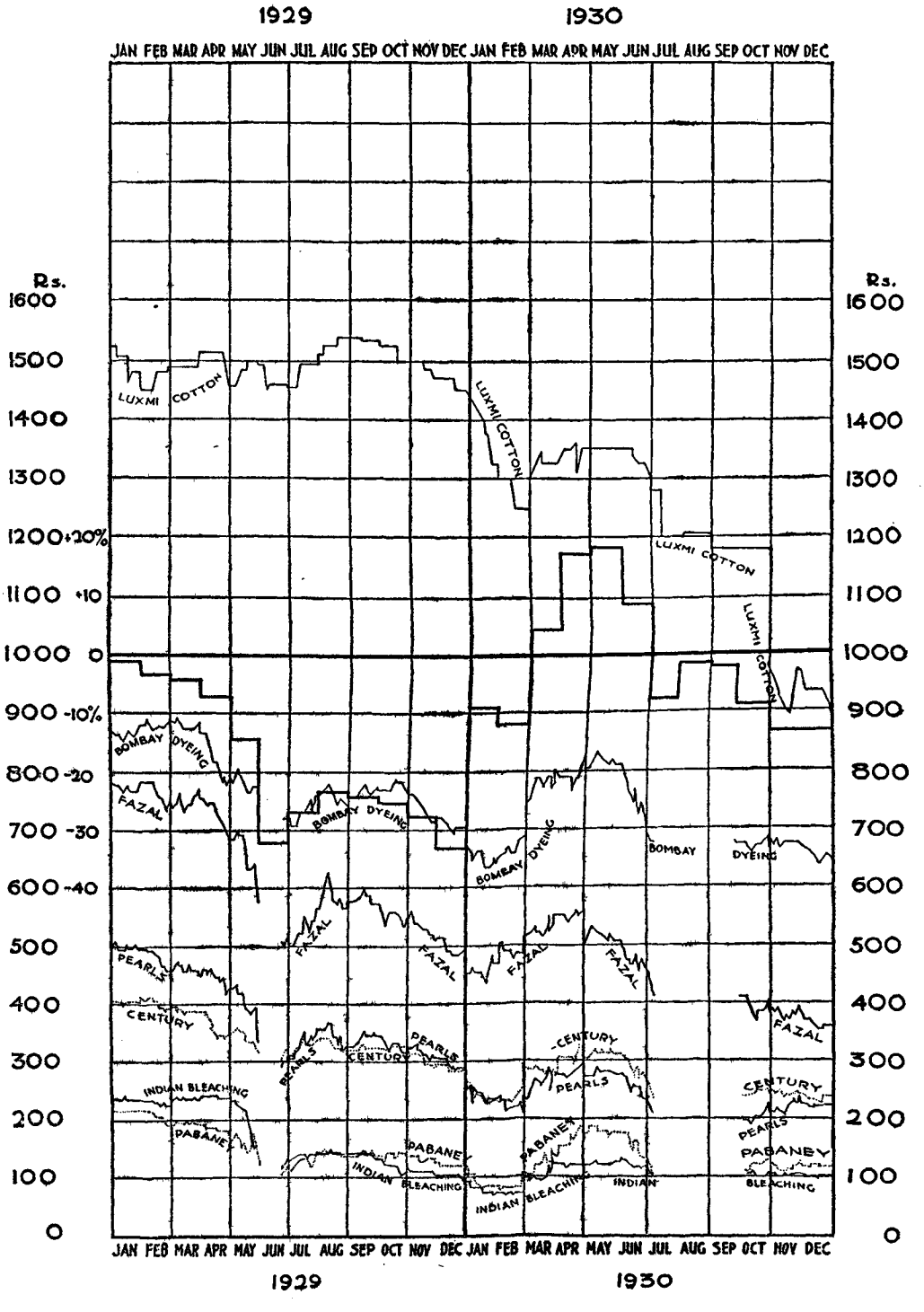
On the whole the memorandum appeared to be ably and thoughtfully conceived. Some criticism might be made regarding the consideration given to the possibility of taking action against the Girni Kamgar Union.

> " It would have been possible to declare the Girni Kamgar Union an unlawful association under the Criminal Law Amendment Act of 1908, but it was not considered desirable to put this Act into operation against the Union which, as subsequent inquiries showed,

had been disrupted by the strike and the members of which had not, so far as the great majority of them were concerned, been guilty of objectionable activities. The present position of the Girni Kamgar Union is that owing to various reasons it has for the time being at any rate ceased to be an effective force."

The Government's own Committee found the Girni Kamgar Union responsible for strikes and riots in 1929, and the City should have been protected by invoking the Amendment Act of 1908. It would even be desirable to apply the Act now and put the Girni Kamgar Union out of existence, rather than to wait for further serious trouble, which might strike at the very heart of the Bombay industry.

COTTON MILL SHARES.



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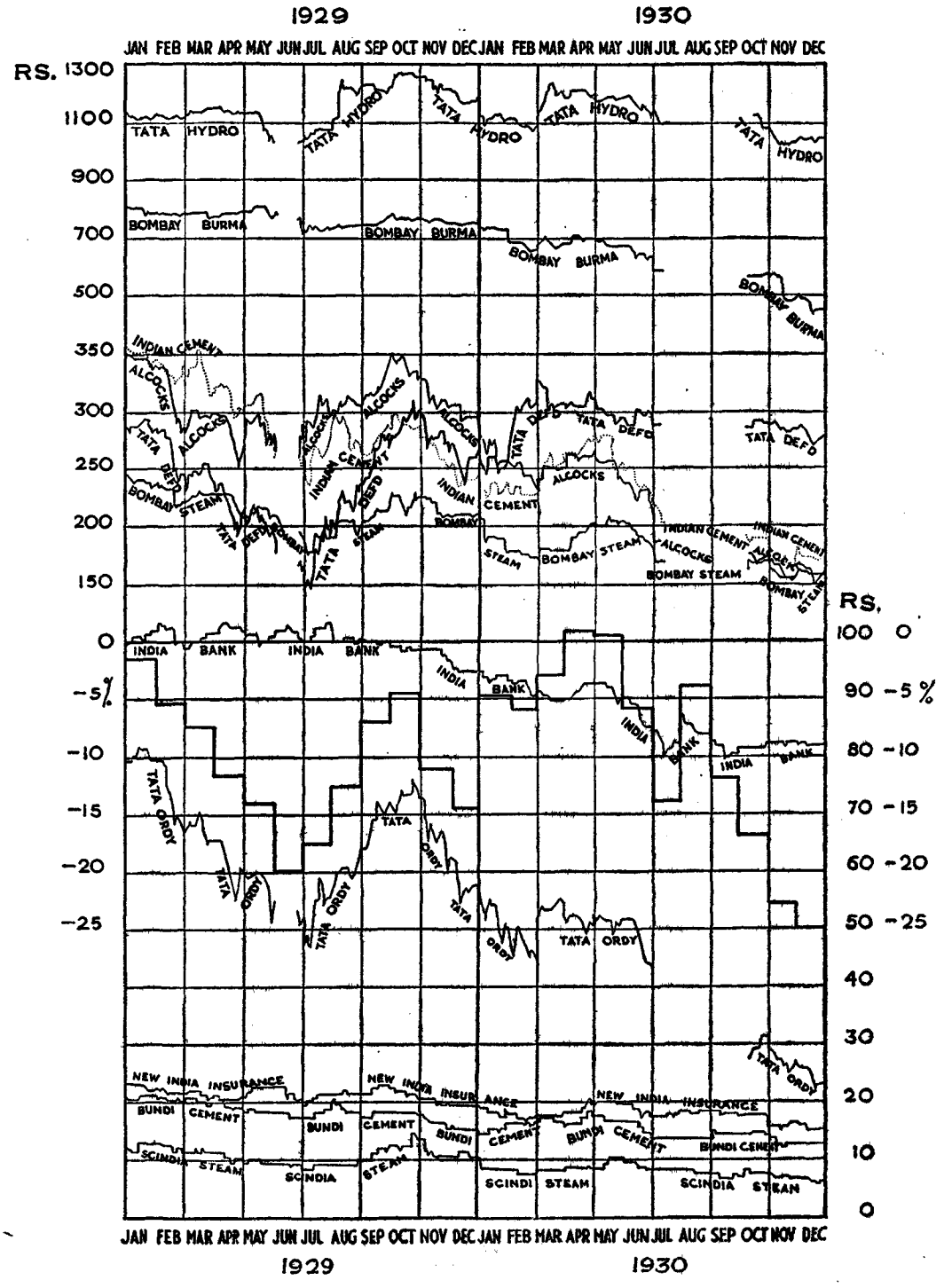
———— Represents the monthly average rise or fall in per cent. from the opening rates of the years on the mill shares plotted on this graph.

NOTE.—Market was closed from 1st to 24th June during 1929, and from 10th July to 11th October during 1930 on account of crisis in local share market.

MISCELLANEOUS SHARES CHART.



———— Represents the monthly average rise or fall in per cent. from the opening rates of the year on the miscellaneous shares plotted on this graph.

NOTE.—Market was closed from 1st to 24th June 1929 and from 10th July to 11th October during 1930 on account of crisis in local share market.

STATISTICS.

EXCHANGE VARIATIONS, 1930.

Highest and lowest market selling prices of Ready T. T. on London.

Months.	Highest.	Lowest.	Average.
January	1s. 5-15/16d. (2-4, 16-20).	1s. 5-7/8d. (24-31) ..	1s. 5·906d.
February	1s. 5-29/32d. (8-11, 14-19).	1s. 5-13/16d. (25-27)..	1s. 5·876d.
March	1s. 5-27/32d. (1-10, 12-14),	1s. 5-13/16d. (11,17-31)	1s. 5·825d.
April	1s. 5-27/32d. (11-16)..	1s. 5-13/16d. (1-10, 17-30).	1s. 5·819d.
May	1s. 5-13/16d. (1-20) ..	1s. 5-3/4d. (31st) ..	1s. 5·799d.
June	1s. 5-13/16d. (25-30)..	1s. 5-3/4d. (2-16) ..	1s. 5·772d.
July	1s. 5-13/16d. (1-12) ..	1s. 5-3/4d. (26-31)	1s. 5·788d.
August	1s. 5-25/32d. (7-14) ..	1s. 5-3/4d. (1-6, 15-30).	1s. 5·756d.
September	1s. 5-25/32d. (27) ..	1s. 5-3/4d. (1-26,29,30)	1s. 5·750d.
October	1s. 5-13/16d. (11-18)..	1s. 5-3/4d. (24-28) ..	1s. 5·787d.
November	1s. 5-25/32d. (1-13) ..	1s. 5-3/4d. (14-30) ..	1s. 5·763d.
December	1s. 5-3/4d. ..	1s. 5-3/4d. ..	1s. 5·750d.
		Average for the year ..	1s. 5·799d. *i.e.* over 1s. $5\frac{25}{32}$d.

GOVERNMENT'S STERLING REMITTANCES BY WEEKLY TENDERS AND DISCRETIONARY PURCHASES DURING 1930.

Date Tendered.	Amount offered.	Amount Tendered.	Amount accepted.	Rate.	% allotted.	Week ending.	Amount Purchased.	Rate
	£	£	£				£	
19-2-30	500,000	25,000 500,000	25,000 475,000	1/5-15/16 1/5-29/32		4- 1-30	490,000	1/5-15/16
27-2-30	500,000	..	Rejected.	..		11- 1-30	*Nil.*	....
5-3-30	500,000	..	"	..		18- 1-30	50,000	....
12-3-30	500,000	..	No tenders recd.	..		25- 1-30	*Nil.*	....
19-3-30	250,000	..	Rejected.	..		1- 2-30	80,000	....
26-3-30	250,000	..	No tenders recd.	..		8- 2-30	25,000	....
2-4-30	250,000	500,000	250,000	1/5-27/32	50%	15- 2-30	*Nil.*	....
9-4-30	500,000	6,065,000	500,000	"	8%	12- 4-30	..	....
16-4-30	750,000	5,710,000	750,000	"	13%	19- 4-30	..	....
23-4-30	1,000,000	6,550,000	1,000,000	"	15%	3- 5-30	150,000	....
30-4-30	1,000,000	2,105,000	1,000,000	"	47½%	..	16,000	....
7-5-30	1,000,000	1,050,000	1,000,000	"	95%	..	14,000	....
14-5-30	1,000,000	20,000	20,000	"		..	£825,000	....
21-5-30	500,000	20,000	20,000	"		Sales of Sterling.		....
28-5-30	500,000	..	No tenders recd.	..		26- 7-30	1,675	....
4-6-30	500,000	..	No tenders recd. (stopped till further notice)	..		23-8-30	51,816	....
	Tenders resumed					30- 8-30	30,000	....
						22-11-30	647,950	....
23-10-30	500,000	25,000	25,000	1/5-13/16		29-11-30	260,000	....
29-10-30	500,000	..	Rejected.	..		6-12-30	1,149,050	....
5-11-30	500,000	755,000	500,000	1/5-13/16	66%	13-12-30	178,000	....
12-11-30	500,000	150,000	150,000	"		20-12-30	5,000	....
19-11-30	500,000	..	No tenders recd. (stopped till further notice)	..		Total ..	£2,323,491	....
		Total ..	£5,715,000					
		Total	Remittances for the year		£6,540,000			

Note.—£ 2,323,491 were transferred between April and December from the Paper Currency Reserve to the Home Treasury to meet Sales of sterling in India.

TRADE.

Imports and Exports of merchandise and treasure in lacs of rupees.

Months.	Exports including re-exports.	Imports.		Remittances to Secy. of State adverse to India.	Net balance of trade excluding Government Remittances.
		Merchandise.	Treasure.		
December 1929	24,10	17,03	1,46	—10,41	+ 571
January 1930	26,90	22,93	2,39	—32	+ 177
February „	24,77	17,32	3,46	—77	+ 412
March „	28,06	20,82	2,22	—1	+ 531
April „	24,58	18,10	2,90	—365	+ 366
May „	21,85	17,91	3,23	—265	+ 94
June „	20,71	13,87	3,80	—9	+ 316
July „	20,96	13,65	1,89	—2	+ 552
August „	17,64	12,75	5,13	+5	— 16
September „	19,39	11,18	1,57	—0·65	+ 681
October „	18,14	12,78	25	—8	+ 516
November „	17,28	11,91	81	+34	+ 461
December „	16,76	11,56	54	+171	+ 472
Total for 1930 ..	257,04	184,78	28,19	—15,90·65	+45,62

Source of information :—Accounts relating to the Sea-borne Trade and Navigation of British India.

CROPS :—SEASONS AND EXPORT VALUE.

Name of Article.	Crops sown.	Crops harvested.	Export commences.	Value of Exports from Decr. 1929 to 30th November 1930.
				In lacs. Rs.
Rice	May/June	November/December..	January.. ..	32,58·40
Jute	May/June	September/October ..	November ..	57,18·73*
Cotton	May/June and October	October/November and April/May.	November ..	59,36·18*
Tea	....	June/January ..	July	23,17·21
Cottonseed ..	....	October/November ..	December ..	25·38
Maize	July	October/November ..	December ..	0·15
Tilseed	July and October ..	November and March.	December/January.	3·09
Rapeseed ..	August/October	February/March ..	April/May ..	59·52
Mustardseed ..	August/October ..	February/March ..	April/May ..	6·09
Gram	September/October ..	February/March ..	May	18·91
Lentils	October	February/March ..	Late March ..	16·11
Peas (Beans) ..	October	March	April/May ..	22·02
Linseed ..	October	March/April	May	5,83·81
Barley	October/November ..	March/April	May	1·05
Wheat	October/November ..	April	May	2,84·89
Groundnut ..	August	December	January	11,80·54

* Value includes raw and manufactured articles.

CURRENCY RETURNS FOR EACH QUARTER.

In lacs of rupees.

During Quarter.	Note Circulation.		Metallic Reserve.		Average Percentage.
	Highest.	Lowest.	Highest.	Lowest.	
1914.					
Jan.-Mar. ..	66,12	63,94	52,12	49,94	78·46
Apr.-June ..	70,26	65,46	56,26	51,46	79·34
July-Sept. ..	75,45	60,52	61,45	46,52	79·15
Oct. Dec. ..	61,19	60.78	47,19	46,78	77·04
1915.					
Jan.-Mar. ..	61,63	59,55	47,63	45,55	76·89
Apr.-June ..	66,48	60,24	52,48	46,24	77·85
July-Sept. ..	68,06	63,81	54,06	49,81	78·74
Oct.-Dec. ..	63,59	62,06	49,59	48,06	77·71
1916.					
Jan.-Mar. ..	67,73	62,42	47,73	45,51	71·68
Apr.-June ..	71,39	65,47	48,23	43,25	66·81
July-Sept. ..	75,48	71,55	52,42	48,49	68·60
Oct.-Dec. ..	82,17	73,32	50,12	41,21	58·60
1917.					
Jan.-Mar. ..	86,76	84,36	40,47	37,58	45·59
Apr.-June ..	93,29	82,72	32,11	30,64	35·72
July-Sept. ..	108,43	99,31	46,95	37,83	40·69
Oct.-Dec. ..	114,77	108,31	53,29	46,83	44·83
1918.					
Jan.-Mar. ..	104,82	99,79	43,34	38,31	39·86
Apr.-June ..	114,79	105,96	37,37	36,39	33·45
July-Sept. ..	134,38	121,41	48,39	38,75	33·96
Oct.-Dec. ..	147,09	136,43	54,77	50,44	37·10
1919.					
Jan.-Mar. ..	153,46	149,74	54,88	51,16	34·96
Apr.-June ..	162,76	153,72	64,18	55,14	37·65
July-Sept. ..	171,86	167,11	72,33	68,53	41·54
Oct.-Dec. ..	182,91	175,28	83,38	75,76	44·40
1920.					
Jan.-Mar. ..	185,15	174,52	87,66	84,94	48·00
Apr.-June ..	170.74	164,34	91,52	84,97	52·65
July-Sept. ..	163,87	157,63	94,98	94,21	58·86
Oct.-Dec. ..	161,41	159,58	93,79	83,16	55·10
1921.					
Jan.-Mar. ..	166,16	163,41	89,74	86,99	53·61
Apr.-June ..	171,76	167,32	95,42	90,91	54·94
July-Sept. ..	178,37	175,56	103,10	99,16	54·38
Oct.-Dec. ..	179,72	172,53	104,31	98,29	57·50
1922.					
Jan.-Mar. ..	174,76	173,87	103,84	99,16	58·22
Apr.-June ..	176,01	171,76	105,05	100,83	59·19
July-Sept. ..	182,26	180,41	113,99	109,41	61·59
Oct.-Dec. ..	179,63	174,18	115,42	110,91	63·96

During Quarter.	Note Circulation.		Metallic Reserve.		Average Percentage.
	Highest.	Lowest.	Highest.	Lowest.	
1923.					
Jan.-Mar. ..	174,70	172,65	111,37	109,37	63·54
Apr.-June ..	173,61	171,23	110,27	107,88	63·25
July-Sept. ..	179,29	175,72	121,81	114,36	64·19
Oct.-Dec. ..	183,41	178,30	123,34	108,93	64·16
1924.					
Jan.-Mar. ..	186,19	184,02	104,50	102,32	55·86
Apr.-June ..	181,33	172,49	100,97	98,98	56·52
July-Sept. ..	179,26	176,24	107,95	104,89	54·87
Oct.-Dec. ..	180,98	179,21	108,86	103,09	58·83
1925.					
Jan.-Mar. ..	184,19	181,12	100,00	98,60	54·36
Apr.-June ..	183,85	173,23	101,07	95,13	54·93
July-Sept. ..	189,51	179,46	112,40	101,07	57·82
Oct.-Dec. ..	191,87	189,61	112,50	105,65	57·17
1926.					
Jan.-Mar. ..	193,34	190,45	107,23	104,33	55·00
Apr.-June ..	191,44	184,91	113,24	106,47	57·82
July-Sept. ..	201,09	192,65	125,05	144,41	61·06
Oct.-Dec. ..	196,52	181,18	127,88	124,93	66·59
1927.					
Jan.-Mar. ..	184,13	180,03	126,79	124,23	68·90
Apr.-June ..	181,60	169,68	137,10	133,10	77·40
July-Sept. ..	181,81	173,69	144,71	138,23	79·88
Oct.-Dec. ..	183,37	178,57	145,34	138,28	78·53
1928.					
Jan-Mar. ..	186,28	182,65	137,32	135,12	73·32
Apr.-June. ..	186,09	177,15	135,36	127,93	72·14
July-Sept. ..	184,59	178,11	136,65	130,50	73·64
Oct.-Dec. ..	189,10	183,24	136,59	131,80	72·99
1929.					
Jan.-Mar. ..	192,47	188,03	132,17	130,92	69·17
Apr.-June ..	188,98	182,82	134,86	130,62	71·45
July-Sept. ..	187,69	185,02	145,21	136,21	76·15
Oct.-Dec. ..	187,21	179,10	145,80	140,27	78·45
1930.					
Jan.-Mar. ..	181,60	177,23	143,22	138,32	77·72
Apr.-June. ..	174,14	163,72	144,66	142,30	84·35
July-Sept. ..	172,36	164,71	154,03	145,60	89·15
Oct.-Dec. ..	173,06	161,34	155,37	151,73	92·27

PRICE OF GOLD DURING 1930.

Months.	PRICE IN LONDON PER FINE OZ.		
	Highest.	Lowest.	Average.
	s. d.	s. d.	s. d.
January	84 11½ (3-6, 8-13, 25, 28-31)	84 10 (23)	84 11·282
February	84 11½ (1, 3, 7-10, 15, 17, 27, 28)	84 10⅝ (18)	84 11·218
March	84 11½ (1, 3, 5, 8, 10)	84 10 (20, 25)	84 11·009
April	84 11½ (25, 28)	84 10 (2)	84 11·021
May	84 11½ (2-8, 15, 19, 21-26, 30-31)	84 11 (1, 20, 28)	84 11·393
June	85 0⅜ (11)	84 11½ (2-9)	84 11·870
July	85 1½ (15-21)	85 0⅛ (2, 9, 31)	85 0·819
August	85 0¼ (26, 27)	84 11⅜ (19)	84 11·965
September	85 0¾ (16, 19, 24)	84 11¾ (29)	85 0·321
October	85 0⅛ (21, 22, 28)	84 11½ (13-20)	84 11·764
November	85 1½ (10, 11)	85 0 (1)	85 0·990
December	85 2 (2)	85 1⅜ (1, 30, 31)	85 1·549
		Average for the year ..	84 11·933

Months.	PRICE IN BOMBAY PER TOLA (for Ready).		
	Highest.	Lowest.	Average.
	Rs. a. p.	Rs. a. p.	Rs. a. p.
January	21 7 6 (2)	21 5 3 (21-25)	21 5 11
February	21 9 6 (27, 28)	21 6 3 (7, 8, 10, 17)	21 6 11
March	22 0 0 (18, 19, 20)	21 8 6 (29)	21 10 11
April	21 11 6 (30)	21 8 3 (3, 4, 5)	21 8 10
May	21 13 3 (9)	21 9 0 (30)	21 11 1
June	21 8 6 (10)	21 5 3 (30)	21 7 4
July	21 9 3 (7, 19, 21)	21 6 3 (4, 10)	21 8 2
August	21 8 6 (6, 7)	21 7 0 (29-30)	21 7 8
September	21 7 6 (1)	21 6 0 (29, 30)	21 6 9
October	21 5 9 (3, 7)	21 4 6 (29)	21 5 2
November	21 6 9 (18)	21 4 3 (3, 10, 11, 14)	21 5 1
December	21 6 3 (12)	21 4 6 (27-31)	21 5 4
		Average for the year ..	21 7 4

IMPORTS, OFF-TAKE AND STOCKS OF GOLD—1930.

Months.	Monthly import value of bar gold and coin into British India.	Monthly estimated off-take in Bombay.	Estimated stock at the end of each month in Bombay.
	Rs.	Tolas.	Tolas.
January	1,47,21,170	3,60,000	2,50,000
February	1,05,30,920	3,00,000	1,00,000
March	94,42,819	2,70,000	1,10,000
April	1,63,39,807	3,30,000	1,50,000
May	1,76,77,859	3,30,000	3,00,000
June	2,52,15,753	3,60,000	6,00,000
July	93,25,417	3,60,000	2,00,000
August	3,68,81,901	3,00,000	3,00,000
September	97,74,041	2,50,000	3,50,000
October	26,48,305	1,80,000	2,50,000
November	36,24,393	1,80,000	2,50,000
December	23,21,843	2,50,000	3,50,000
Total ..	15,85,04,233	34,70,000	

PRICE OF BAR SILVER DURING 1930.

Months.	PRICE IN LONDON PER STANDARD OUNCE (Ready).		
	Highest.	Lowest.	Average.
	d.	d.	d.
January	21 5/8 (2)	20 (31)	20·895
February	20 7/16 (8)	19 1/8 (28)	20·007
March	20 (20)	18 5/8 (4)	19·298
April	19 13/16 (23)	19 3/16 (3)	19·554
May	19 9/16 (5)	17 7/16 (29, 31)	18·849
June	17 3/16 (2)	15 7/16 (24)	16·049
July	16 7/16 (26)	15 9/16 (2, 5)	15·928
August	16 7/8 (21)	15 7/8 (2, 8)	16·282
September	17 (18, 22, 23)	16 3/8 (30)	16·738
October	16 13/16 (14)	16 3/8 (1, 23)	16·562
November	16 13/16 (4)	16 5/16 (29)	16·625
December	16 1/4 (2)	14 7/16 (31)	15·200
Average for the year			17·671

Months.	PRICE IN BOMBAY PER 100 TOLAS (Ready).		
	Highest.	Lowest.	Average.
	Rs. a.	Rs. a.	Rs. a. p.
January	51 2 (16)	47 4 (31)	48 0 4
February	53 2 (28)	46 14 (18)	47 15 2
March	55 9 (22)	52 6 (1)	54 3 5
April	57 4 (29)	53 5 (3)	55 0 6
May	56 4 (1, 7)	49 14 (30)	53 6 7
June	49 13 (2)	44 9 (25)	46 11 1
July	47 9 (26)	45 9 (4)	46 7 6
August	48 2 (19)	46 6 (6, 26)	47 0 8
September	48 7 (17, 20)	46 12 (30)	47 11 3
October	47 13 (16)	47 0 (1)	47 6 9
November	48 0 (3,4)	46 13 (29)	47 7 11
December	46 11 (1)	43 0 (18)	44 13 9
Average for the year			48 13 9

Note:—The price includes duty of Rs. 9-6 per 100 tolas from the evening of February 28.

IMPORTS, OFF-TAKE AND STOCKS OF SILVER—1930.

Months.	Monthly imports* of bar silver into British India.	Monthly estimated off-take (in Bombay).†	Estimated stock at the end of each month (in Bombay).
	St. Ounces.	(In bars of	2,800 tolas.)
January	8,096,236	7,130	4,430
February	18,880,790	11,200	5,500
March	8,432,139	8,370	2,130
April	9,627,362	4,500	3,900
May	11,098,258	7,280	2,300
June	10,409,673	6,900	2,900
July	7,464,012	4,800	3,200
August	12,697,655	5,270	4,200
September	5,489,353	2,700	5,400
October	971,681	2,400	3,200
November	3,140,112	2,100	3,600
December	2,492,170	2,800	1,800
Total ..	98,799,441	65,450	

1 Tola=$\frac{3}{8}$ oz. =180 grains. 1 Lac=100,000. 1 Crore=10,000,000.

* In addition, about 4,400 bars were delivered by the Mint, which are included in the stocks.

† The above off-take does not include 800 bars railed to upcountry in February and 1,000 bars to a special quarter during May; shipments made to Hongkong, London and Shanghai are also not included in this off-take.

GOVERNMENT SECURITIES.

RUPEES.

Security.	When Issued.	Amount outstanding as at 30th Septr. 1930.	When Repayable.	Dates when interest is due.
		Rs.		
3 per cent. Loan	1896	5,50,44,000	At the option of Government after three months' notice.	June 30, Dec. 31.
3½ per cent. Loan	1843	22,60,70,000		Feb. 1, Aug. 1.
Do.	1854	23,67,71,000		June 30, Dec. 31.
Do.	1865	36,50,54,000		May 1, Nov. 1.
Do.	1879	2,88,58,000		Jan. 16, July 16.
Do.	1900	34,34,29,000		June 30, Dec. 31
4 per cent. Conversion Loan	1916	9,90,01,000	On Oct. 1, 1931, at three months' notice or not later than Oct. 1, 1936.	April 1, Oct. 1.
4 per cent. Loan	1926	29,49,71,000	On or before 15th Sept. 1970 but not preceding 15th Sept. 1960 at three months' notice.	March 15, Sept. 15.
4 per cent. Loan	1927	19,53,79,000	On or before 1st August 1937 but not preceding 1st August 1934 with three months' previous notice.	August 1, Feb. 1.
4½ per cent. Bonds ..	1928	25,98,05,000	On 15th Sept. 1934.	March 15, Sept. 15.
4½ per cent. Loan	1928	9,05,70,000	On or before Sept. 15, 1960, but not preceding 15th Sept. 1955, with 3 months' previous notice.	March 15, Sept. 15.
5 per cent. War Loan ..	1917	21,81,74,000	Aug. 15, 1929, to Aug. 15, 1947.	Feb. 15, Aug. 15.
5 per cent. Income-tax free Bonds.	1923 / 1924	21,45,58,000	Sept. 1, 1933.	March 1, Sept. 1.
5 per cent. Ten Year Bonds	1925	12,83,15,000	Sept. 15, 1935.	March 15, Sept. 15.
5 per cent. Income-tax free Loan*	1919	58,90,79,000	After Oct. 15, 1945, at three months' notice and not later than Oct. 15, 1955.	April 15, Oct. 15.
Do.	1923			
Do.	1924			
5 per cent. Loan	1929	28,68,77,000	After July 15, 1939, at three months' notice and not later than July 15, 1944.	Jan. 15, July 15.
6 per cent. Bonds* ..	1921	7,36,12,000	Sept. 15, 1931.	Mar. 15, Sept. 15.
Do.	1922	14,63,40,000	Oct. 1, 1932.	April 1, Oct. 1.
Do.	1930	29,70,81,000	On or before 15th Aug. 1936, but not preceding 15th August 1933, with three months' previous notice.	Feb. 15, Aug. 15.
6¼ per cent. Punjab Loan..		1,00,00,000	1933.	April 16, Oct. 16.
6½ per cent. Bombay Development Loan* ..	1920	9,38,93,300	Nov. 1, 1935.	May 1, Nov. 1.
Total Rs. ..	..	4,25,28,81,300		

The interest on Loans marked * is exempt from Income-tax, but not from Super-tax. It will be taken into account in determining the rate at which Income-tax will be levied on other income.

GOVERNMENT SECURITIES.

Sterling.

Description of the Loan.	When issued.	Total sum raised.	Amount outstanding as on 30th Sept. 1930.	Date of termination of Loan.	When Int. due.
		£	£		
India 5½ per cent. Stock.	1922	21,277,719	20,149,464	Repayable at par on 15th January 1932.	January 15. July 15.
India 4½ per cent. Stock.	1922–23	40,000,000	39,852,418	If not previously redeemed, will be repaid at par on 15th May 1955 with right to redeem at par on, or on any half yearly int. dates after 15th May 1950 at 3 months' notice.	May 15. November 15.
India 4½ per cent. Stock.	1928	17,500,000	17,500,000	If not previously redeemed, will be paid at par on 1st June 1968 with right to redeem at par on, or on any half yearly int. date after 1st June 1958 on giving 3 months' notice.	December 1. June 1.
India 3½ per cent. Stock.	Between 1887 & 1912.	88,767,884	88,667,884	Not redeemable until 5th January 1931, but on or after that day upon one year's notice.	January 5. April 5. July 5. October 5.
India 3 per cent. Stock.	Between 1894 & 1921-24.	77,065,347	77,024,185	Not redeemable until 5th October 1948, but on or after that day upon one year's notice.	January 5. April 5. July 5. October 5.
India 2½ per cent. Stock.	1896-98	11,539,986	11,539,986	Redeemable at any time at Government's option with one year's previous notice.	January 5. April 5. July 5. October 5.
India 7 per cent. Stock.	1921	979,495	153	If not previously redeemed, will be repaid at par on 5th Oct. 1931, with right to redeem on 3 months' notice at 102 per cent. on any half yearly int. date from October 5th 1926 to 5th April 1931.	April 5. October 5.
India Bills ..	1929	6,000,000	6,000,000	20th December 1930. (paid off on due date).	
India 6 per cent...	1930	6,000,000	6,000,000	If not redeemed on 15th June 1932 will be repaid on 15th June 1933 at £ 101 on three months' notice.	June 15. Dec. 15.
Do. ..	1930	7,000,000	7,000,000	15th June 1933 or on any half yearly interest date thereafter at three months' notice but not later than 15th June 1935.	June 15. Dec. 15.
Do. ..	1930 (15 Oct.)	12,000,000	12,000,000	On 15th October 1935 or on any interest date thereafter at three months' notice, but not later than 15th October 1937.	April 15. October 15.
		Total Debt in England	285,734,090	@1s. 6d=Rs. 380·98 crores.	

TREASURY BILLS OUTSTANDING ON 31ST DECEMBER 1930.

Approximate due date.	Total Amount Issued.	Average Rate.	Tenure.	Date of Issuance.
	Rs.	Rs. a. p.		
24th December 1930 to 4th Jany. 1931 ..	3,20,00,000	99 1 0	3 months.	24th September to 4th October 1930.
4th January 1931	1,26,25,000	4 12 2	9 ,,	4th April 1930
7th to 13th January 1931	1,30,50,000	99 1 0	3 ,,	7th to 13th October 1930.
10th January 1931	1,03,50,000	3 13 2	3 ,,	10th October 1930
11th January 1931	94,25,000	4 12 3	9 ,,	11th April 1930.
15th to 22nd January 1931	1,42,25,000	99 1 0	3 ,,	15th to 22nd October 1930.
17th January 1931	68,50,000	4 12 6	9 ,,	17th April 1930.
17th January 1931	47,00,000	3 13 3	3 ,,	17th October 1930.
25th January 1931	21,50,000	4 12 6	9 ,,	25th April 1930.
24th to 27th January 1931	72,50,000	99 1 0	3 ,,	24th to 27th October 1930.
25th January 1931	22,75,000	3 13 6	3 ,,	25th October 1930
31st January 1931	78,75,000	3 13 7	3 ,,	31st October 1930.
TOTAL ..	12,27,75,000			
*Less ..	38,50,000	Bal. 11,89,25,000		
2nd February 1931	57,25,000	4 12 7	9 ,,	2nd May 1930.
29th January to 3rd February 1931 ..	65,50,000	99 1 0	3 ,,	29th October to 3rd November 1930
7th February 1931	1,15,75,000	3 14 8	3 ,,	7th November 1930
9th February 1931	63,00,000	4 12 8	9 ,,	9th May 1930
5th to 10th February 1931	15,75,000	99 0 9	3 ,,	5th to 10th November 1930
7th to 12th February 1931	5,50,000	96 7 0	9 ,,	7th to 12th May 1930.
14th February 1931	78,50,000	4 3 5	3 ,,	14th November 1930.
14th to 19th February 1931	2,00,000	96 7 0	9 ,,	14th to 19th May 1930
15th February 1931	7,25,000	4 14 0	6 ,,	15th August 1930
12th to 17th February 1931	41,75,000	98 15 6	3 ,,	12th to 17th November 1930.
13th to 18th February 1931	68,50,000	97 10 0	6 ,,	13th to 18th August 1930
16th February 1931	30,50,000	4 13 4	9 ,,	16th May 1930.
19th to 24th February 1931	28,50,000	99 14 6	3 ,,	19th to 24th November 1930.
20th to 25th February 1931	74,50,000	97 10 0	6 ,,	20th to 25th August 1930.
21st February 1931	1,68,25,000	4 7 2	3 ,,	21st November 1930
22nd February 1931	48,50,000	4 14 0	6 ,,	22nd August 1930.
21st to 26th February 1931	2,75,000	96 7 0	9 ,,	21st to 26th May 1930.
23rd February 1931	16,00,000	4 13 4	9 ,,	23rd May 1930
28th February 1931	22,00,000	4 13 4	9 ,,	30th May 1930.
28th February 1931	1,25,000	96 7 0	9 ,,	28th to 31st May 1930.
28th February 1931	1,00,00,000	4 13 11	6 ,,	29th August 1930
28th February 1931	1,94,50,000	5 1 0	3 ,,	28th November 1930
TOTAL ..	12,07,50,000			
*Less ..	27,25,000	Bal. 11,80,25,000		
26th February to 1st March 1931	1,14,00,000	98 12 0	3 ,,	26th November to 1st December 1930
27th February to 1st March 1931 ..	59,50,000	97 10 0	6 ,,	27th August to 1st September 1930
3rd to 8th March 1931	61,75,000	97 10 0	6 ,,	3rd to 8th September 1930
3rd to 8th March 1931	1,60,50,000	98 11 0	3 ,,	3rd to 8th December 1930
4th to 9th March 1931	4,75,000	96 7 0	9 ,,	4th to 9th June 1930
5th March 1931	1,20,00,000	4 13 10	6 ,,	5th September 1930.
5th March 1931	2,00,00,000	5 5 9	3 ,,	5th December 1930
6th March 1931	3,50,000	4 13 4	9 ,,	6th June 1930.
10th to 15th March 1931	84,00,000	97 10 0	6 ,,	10th to 15th September 1930.
10th to 15th March 1931	55,00,000	98 10 6	3 ,,	10th to 15th December 1930.
11th to 16th March 1931	1,25,000	96 7 0	9 ,,	11th to 16th June 1930.
12th March 1931	44,00,000	4 14 0	6 ,,	12th September 1930.
12th March 1931	1,36,25,000	5 7 1	3 ,,	12th December 1930.
13th March 1931	5,75,000	4 13 4	9 ,,	13th June 1930.
17th to 20th March 1931	74,75,000	98 9 6	3 ,,	17th to 20th December 1930
19th March 1931	96,00,000	4 14 0	6 ,,	19th September 1930.
19th March 1931	1,65,00,000	5 11 4	3 ,,	19th December 1930.
20th March 1931	17,50,000	4 13 4	9 ,,	20th June 1930.
17th to 22nd March 1931	36,50,000	97 10 0	6 ,,	17th to 22nd September 1930.
18th to 23rd March 1931	2,00,000	96 7 0	9 ,,	18th to 23rd June 1930.
23rd March 1931	62,75,000	5 14 0	3 ,,	23rd December 1930.
26th March 1931	85,00,000	4 14 0	6 ,,	26th September 1930.
27th March 1931	5,25,000	4 13 4	9 ,,	27th June 1930.
TOTAL ..	15,95,00,000			
*Less ..	1,00,000	Bal. 15,94,00,000		
23rd March to 5th April 1931	3,45,25,000	98 9 0	3 ,,	23rd December to 5th January 1931.
24th March to 4th April 1931	1,69,50,000	97 10 0	6 ,,	24th September to 4th October 1930.
10th April 1931	96,50,000	4 14 0	6 ,,	10th October 1930.
7th to 13th April 1931	1,38,23,000	97 10 0	6 ,,	7th to 13th October 1930.
15th to 22nd April 1931	1,71,75,000	97 10 0	6 ,,	15th to 22nd October 1930
17th April 1931	1,53,00,000	4 14 0	6 ,,	17th October 1930.
24th to 27th April 1931	72,50,000	97 10 0	6 ,,	24th to 27th October 1930.
25th April 1931	1,77,25,000	4 14 0	6 ,,	25th October 1930.
30th April 1931	1,21,25,000	4 14 0	6 ,,	31st October 1930.
TOTAL ..	14,45,23,000			
29th April to 3rd May 1931	77,50,000	97 10 0	6 ,,	29th October to 3rd November 1930.
7th May 1931	81,25,000	4 14 0	6 ,,	7th November 1930.
5th to 10th May 1931	25,25,000	97 10 0	6 ,,	5th to 10th November 1930.
12th to 17th May 1931	14,25,000	97 10 0	6 ,,	12th to 17th November 1930.
14th May 1931	42,75,000	4 14 0	6 ,,	14th November 1930.
19th to 24th May 1931	14,25,000	97 10 0	6 ,,	19th to 24th November 1930.
21st May 1931	11,50,000	4 14 0	6 ,,	21st November 1930.
TOTAL ..	2,66,75,000			
26th May to 1st June 1931	3,00,000	97 10 0	6 ,,	26th November to 1st December 1930.
28th May 1931	5,50,000	4 14 0	6 ,,	28th November 1930.
3rd to 8th June 1931	12,00,000	97 10 0	6 ,,	3rd to 8th December 1930.
10th to 15th June 1931	7,00,000	97 10 0	6 ,,	10th to 15th December 1930.
12th June 1931	50,000	4 14 0	6 ,,	12th December 1930.
17th to 20th June 1931	3,50,000	97 10 0	6 ,,	17th to 20th December 1930.
19th June 1931	1,00,000	4 14 0	6 ,,	19th December 1930.
23rd June to 5th July 1931	1,75,000	97 10 0	6 ,,	23rd December to 5th January 1931.
TOTAL ..	34,25,000			
GRAND TOTAL ..	57,99,73,000			

* Converted into New Loan.

STATEMENT OF LOANS RAISED BY THE BOMBAY MUNICIPALITY.

Date of Issue.	Rate of Interest.	Amount outstanding on 31st December 1930.	Dates on which half-yearly payments of Interest are due.	When repayable.
		Rs.		
Between 5th January 1886 and 24th December 1891 ..	5 per cent.	1,45,00,000	1st April, 1st October.	Between 1st January 1933 and 1st January 1953
1891 ..	,,	8,00,000	1st January, 1st July.	1st July 1931.
1894-95 ..	4 per cent.	23,25,000	,, ,,	1st July 1935.
1896-99 ..	3½ per cent.	10,00,000	,, ,,	1st July 1936.
	4 per cent.	5,75,000		
1899 ..	,,	25,00,000	1st May, 1st November.	1st November 1939.
1899-1900 ..	,,	19,25,000	1st June, 1st December.	1st June 1940.
1901-03 ..	,,	24,75,000	,, ,,	1st June 1943.
1904 ..	,,	12,75,000	1st February, 1st August.	1st August 1934.
1905-07 ..	,,	24,75,000	,, ,,	1st August 1946.
1908 ..	,,	13,50,000	1st May, 1st November.	1st May 1938.
1909 ..	,,	15,00,000	,, ,,	1st May 1949.
1909-10 ..	,,	30,00,000	,, ,,	1st May 1949.
1911-13 ..	,,	55,00,000	1st June, 1st December.	1st June 1942.
1913-14 ..	,,	70,00,000	,, ,,	1st June 1954 and 1st June 1974.
1913-15 ..	,,	20,00,000	1st May, 1st November.	1st May 1955.
1915 ..	,,	43,00,000	,, ,,	1st May 1945.
1920 ..	5 per cent.	10,00,000	1st January, 1st July.	1st July 1980.
1920 ..	4 per cent.	30,00,000	,, ,,	1st January 1951.
1920 ..	6½ per cent.	50,00,000	1st May, 1st November.	1st Nov. 1935-1950.
1921 ..	,,	75,00,000	,, ,,	1st Nov. 1936-1951.
1922 ..	5½ per cent.	43,11,430	31st March (yearly).	By annual equated payments.
1922 ..	4¾ per cent.	21,30,640	,, ,,	,, ,,
1922-23 ..	5½ per cent.	1,01,37,589	,, ,,	,, ,,
1922-23 ..	6 per cent.	22,10,281	,, ,,	,, ,,
1923-24 ..	,,	2,29,12,425	,, ,,	,, ,,
1924 ..	,,	57,28,942	,, ,,	,, ,,
1924-25 ..	5¾ per cent.	1,36,85,587	,, ,,	,, ,,
1924-25	5½ per cent.	47,00,266	,, ,,	,, ,,
1924 ..	6 per cent.	67,77,000	1st June, 1st December.	1st December 1954.
1924-25 ..	,,	92,23,000	,, ,,	,, ,,
1926 ..	5½ per cent.	37,60,215	31st March (yearly).	By annual equated payments.
1926-27 ..	5 per cent.	66,67,852	,, ,,	,, ,,
1928 ..	,,	38,76,577	,, ,,	,, ,,
1928 ..	,,	25,00,000	1st January, 1st July.	1st January 1958.
1929 ..	,,	26,21,500	1st August, 1st February.	1st August 1959.
1929 ..	,,	26,14,000	,, ,,	1st ,, 1949-59.
1929 ..	,,	8,45,500	,, ,,	1st ,, 1954-59.
1930 ..	6 ,,	40,00,000	1st June, 1st December.	1st Dec. 1950 or thereafter at 3 months' notice but not later than 1st Dec. 1960.
Total ..		17,97,02,804		

STATEMENT OF LOANS RAISED BY THE BOMBAY IMPROVEMENT TRUST TO END OF 1930.

Description of Loans (all for 60 years).	When issued.	Amount raised in lacs of rupees.	Rate of Interest.	Dates on which half-yearly payments of interest are due.
Rupee Coupon Debenture Loan	1899	50·00	4 per cent.	1st May, 1st Nov.
Debenture Loan	1901	30·00	Do.	1st Jan., 1st July.
Do. do.	1902	30·00	Do.	Do. do.
Do. do.	1903	60·00	Do.	Do. do.
Do. do.	1904	50·00	Do.	Do. do.
Do. do.	1905	30·00	Do.	Do. do.
Do. do.	1906	20·00	Do.	Do. do.
Do. do.	1907	15·00	Do.	Do. do.
Do. do.	1908	30·00	Do.	Do. do.
Sterling Coupon Debenture Loan	1909	84·99	Do.	Do. do.
Do. do. ..	1910	49·95	Do.	Do. do.
Debenture Loan	1912	25·00	Do.	Do. do.
Do. do.	1913	18·00	Do.	Do. do.
Do. do.	1914	50.00	Do.	Do. do.
Do. do.	1916	25·00	Do.	Do. do.
Do. do.	1919	40·00	5 per cent.	1st May, 1st Nov.
Do. do.	1920	70·00	6 ,,	Do. do.
Do. do.	1920	275·00	6 ,,	Do. do.
Do. do.	1921	95·00	6 ,,	Do. do.
Do. do.	1922	45·00	4¾ ,,	31st March (annually).
Do. do.	1922-23	172·00	5½ ,,	Do.
Do. do.	1923-24	89·00	6 ,,	Do.
Do. do.	1924-25	100·00	5¾ ,,	Do.
Do. do.	1925-26	70·00	5½ ,,	Do.
Do. do.	1926	25·00	5 ,,	1st Jan., 1st July.
Do. (43 year Loan) ..	1927	25·00	4 ,,	Do. do.
Do. (10 year Loan) ..	1928	20·00	4½ ,,	Do. do.
Do. (60 years) ..	1929	25·00	5½ ,,	Do. do.
Do. (6 years Loan) ..	1930	20·00	6 ,,	Do. do.
Total ..		16,38·94		

STATEMENT OF LOANS RAISED BY THE BOMBAY PORT TRUST TO THE END OF DECEMBER 1930.

Description of Loan.	Amount raised.	Rate of Interest.	Dates on which half-yearly payments of interest are due.	When redeemable.
	Rs.			
Foreshore Securities (Guaranteed) ..	75,42,800	4%	1st April, 1st Oct.	After expiration of three months' notice to be given by the Trustees.
Debenture Loans (unguaranteed).				
1901 (30 years) ..	12,50,000	4%	1st May, 1st Nov.	1st Nov. 1931.
1902 „ ..	13,50,000	„	1st March, 1st Sept.	1st Sept. 1932.
1903 „ ..	16,00,000	„	„ „	1st Nov. 1933.
1904 (60 yrs.) ..	36,50,000	„	1st Jan., 1st July.	1st Nov. 1964.
1905 „ ..	35,00,000	„	1st Feb., 1st Aug.	1st Nov. 1965.
1906 „ ..	15,00,000	„	1st March, 1st Sept.	1st Feb. 1967.
1906 (30 yrs.) ..	6,00,000	„	„ „	1st Feb. 1937.
1907 (60 yrs.) ..	44,00,000	„	1st May, 1st Nov.	1st Feb. 1968.
1908 „ ..	75,00,000	„	1st March, 1st Sept.	1st Feb. 1969.
1909 „ ..	40,00,000	„	1st Jan., 1st July.	1st Jan. 1970.
1910 „ ..	56,00,000	„	1st April, 1st Oct.	1st Jan. 1971.
1911 „ ..	75,00,000	„	1st June, 1st Dec.	1st Jan. 1972.
1912 „ ..	1,10,00,000	„	1st Feb., 1st Aug.	1st Feb. 1973.
1913 (47 yrs.) ..	14,35,876	„	1st April, 1st Oct.	31st March 1960.
1913 (60 yrs.) ..	80,00,000	„	1st Jan., 1st July.	1st Jan. 1974.
1914 „ ..	88,25,000	„	1st April, 1st Oct.	1st Jan. 1975.
1914 (30 yrs.) ..	38,75,000	„	1st May, 1st Nov.	1st Nov. 1944.
1915 (45 „) ..	10,00,000	„	1st April, 1st Oct.	31st March 1960.
1915 (60 „) ..	55,00,000	„	1st June, 1st Dec.	5th Oct. 1975.
1916 (20 „) ..	25,00,000	4½%	1st May, 1st Nov.	1st Nov. 1936.
1922 (37⅓ „) ..	61,61,000	4%	1st June, 1st Dec.	31st March 1960.
1924 (35½ „) ..	11,51,000	„	1st April, 1st Oct.	31st March 1960.
1926 (35$\frac{5}{12}$ „) ..	10,25,000	3½%	1st May, 1st Nov.	31st March 1960.
1929 (30 „) ..	35,00,000	„	1st Feb., 1st Aug.	1st Aug. 1959.
1930 (20 „) ..	38,50,000	4%	1st Jan., 1st July.	1st Jan. 1950.
1930 (30 „) ..	12,50,000	3½%	1st May, 1st Nov.	1st Nov. 1960.
Loans in England.				
1909 (30 yrs.) ..	66,66,666* (£500,000)	4%	1st Jan., 1st July.	1st July 1939.
1910 „ ..	66,66,666* (£500,000)	„	„ „	1st July 1940.
1922 „ ..	2,13,33,333* (£1,600,000)	6%	1st Feb., 1st Aug.	1st Aug. 1952.
Grand Total ..	14,37,32,341			

* Exchange calculated at 1*s.* 6*d.* to the rupee.

PRICES OF GOVERNMENT SECURITIES DURING 1930.

—		3½ per cent. paper.	4 per cent. Loans.			4½ per cent. Loans.		5 per cent. Loans.					6 per cent. Bonds.				6½ per cent. Bombay Development Loan.
			1931-36.	1934-37.	1960-70.	1934.	1955-60.	1929-47.	1935.	1939-44.	1933.	1945-55.	1930.	1931.	1932.	1932-36.	
		Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
Jan.	Highest ..	67 15 0	90 10 0	90 4 0	77 8 0	95 10 0	86 8 0	96 6 0	97 10 0	96 0 0	100 4 0	101 4 0	100 4 0	101 5 0	102 5 0		105 0 0
	Lowest ..	64 3 0	90 6 0	89 10 0	76 4 0	94 14 0	85 14 0	95 4 0	96 15 0	95 4 0	99 14 0	100 1 0	100 1 0	100 11 0	101 11 0		104 0 0
	Average ..	66 4 3	90 8 4	89 15 5	76 14 3	95 5 9	86 3 6	95 13 6	97 5 9	95 11 2	100 1 4	100 10 8	100 2 10	101 0 3	102 0 3		104 16 2
Feb.	Highest ..	65 10 0	90 6 0	89 10 0	76 5 0	94 14 0	86 0 0	95 4 0	97 3 0	95 8 0	99 15 0	100 6 0	100 3 0	100 12 0	101 11 0		104 0 0
	Lowest ..	63 13 0	90 4 0	89 8 0	76 0 0	94 10 0	85 12 0	94 13 0	96 15 0	95 0 0	99 12 0	99 13 0	100 2 0	100 9 0	101 8 0		103 10 0
	Average ..	64 9 5	90 4 8	89 8 8	76 1 4	94 11 5	85 13 0	94 15 10	97 0 3	95 3 0	99 13 0	100 1 3	100 2 11	100 10 2	101 9 7		103 13 3
March	Highest ..	69 13 0	90 6 0	89 8 0	77 0 0	95 5 0	86 12 0	95 5 0	98 0 0	96 8 0	100 1 0	100 14 2	100 8 0	101 3 0	102 3 0		105 4 0
	Lowest ..	64 9 0	90 4 0	89 6 0	76 5 0	94 12 0	86 0 0	95 0 0	97 3 0	95 8 0	99 14 0	100 2 0	100 3 0	100 12 0	101 11 0		104 0 0
	Average ..	66 15 11	90 4 5	89 7 7	76 8 6	94 15 6	86 5 7	95 0 11	97 10 11	96 0 4	99 15 5	100 7 5	100 5 5	101 0 4	101 15 4		104 8 10
April.	Highest ..	69 4 0	90 12 0	89 11 0	77 2 0	95 4 0	86 15 0	95 4 0	98 0 0	96 8 0	100 4 0	101 0 0	100 8 0	101 7 0	102 7 0		105 4 0
	Lowest ..	64 12 0	90 8 0	89 8 0	76 14 0	95 4 0	86 14 0	95 2 0	97 14 0	96 0 0	100 1 0	100 10 0	100 7 0	101 3 0	102 3 0		105 0 0
	Average ..	67 7 8	90 10 6	89 9 3	77 1 4	95 4 0	86 14 6	95 3 7	97 15 10	96 5 10	100 2 0	100 12 7	100 7 11	101 5 11	102 5 6		105 2 2
May.	Highest ..	65 5 0	90 8 0	89 8 0	76 14 0	95 4 0	86 14 0	95 2 0	97 14 0	96 7 0	100 1 0	100 12 0	100 7 0	101 6 0	102 6 0		105 0 0
	Lowest ..	62 10 0	90 8 0	89 4 3	76 2 0	95 2 0	86 10 0	95 2 0	97 10 0	95 14 0	99 14 0	100 2 0	100 5 0	101 5 0	102 5 0		104 12 0
	Average ..	64 8 7	90 8 0	89 4 3	76 8 6	95 2 1	86 10 3	95 2 0	97 10 8	96 0 3	99 14 11	100 7 7	100 5 8	101 5 4	102 5 4		104 13 7
June.	Highest ..	65 7 0	90 11 0	89 11 0	76 4 0	95 4 0	87 0 0	95 8 0	97 11 0	96 7 0	100 5 0	101 4 0	100 5 0	101 7 0	102 8 0		105 0 0
	Lowest ..	64 12 0	90 8 0	89 4 0	76 2 0	95 2 0	86 10 0	95 2 0	97 9 0	96 3 0	99 15 0	100 12 0	100 3 0	101 5 0	102 5 0		104 14 0
	Average ..	65 1 11	90 8 10	89 8 5	76 2 9	95 3 4	86 14 8	95 4 8	97 9 9	96 5 0	100 2 6	101 2 6	100 4 0	101 6 7	102 7 3		104 15 3
July.	Highest ..	65 6 0	90 12 0	89 12 0	76 2 0	95 5 0	87 0 0	95 2 0	97 9 0	96 4 0	100 5 0	101 4 0	100 3 0	101 7 0	102 8 0		105 0 0
	Lowest ..	62 0 0	90 8 0	89 8 0	73 7 0	94 12 0	85 8 0	94 8 0	96 10 0	95 0 0	99 6 0	99 4 0	100 2 0	101 0 0	102 0 0		104 8 0
	Average ..	63 13 0	90 10 11	89 10 11	75 1 7	95 2 11	86 9 4	94 13 11	97 4 5	95 13 5	100 0 2	100 9 8	100 2 4	100 5 3	102 5 10		104 13 2
Aug.	Highest ..	64 10 0	90 8 0	89 8 0	73 8 0	95 0 0	85 8 0	94 15 0	96 10 0	95 0 0	100 2 0	101 5 0	100 2 0	101 4 0	102 1 0	100 5 0	105 0 0
	Lowest ..	63 0 0	90 2 0	89 4 0	73 4 0	94 14 0	83 8 0	94 8 0	96 4 0	94 4 0	99 8 0	99 14 0	100 1 0	101 0 0	101 14 0	100 0 0	104 10 0
	Average ..	63 11 9	90 5 5	89 5 9	73 5 9	94 15 2	84 12 6	94 10 0	96 6 2	94 11 1	99 12 5	100 6 0	100 1 5	101 1 1	101 14 11	100 2 4	104 12 10
Sept.	Highest ..	65 8 0	90 2 0	89 4 0	73 12 0	95 1 0	83 8 6	95 0 0	96 4 0	94 6 0	100 5 0	101 5 0		101 4 0	102 1 0	100 10 0	105 2 0
	Lowest ..	64 3 0	90 0 0	89 2 0	73 4 0	94 14 0	82 14 0	94 14 0	96 1 0	94 4 0	100 2 0	101 0 0		101 2 0	102 0 0	100 6 0	104 14 0
	Average ..	64 15 5	90 1 5	89 2 1	73 7 9	95 0 0	83 1 3	94 14 8	96 2 7	94 4 11	100 3 7	101 2 7		101 2 8	103 0 1	100 7 7	105 1 0
Oct.	Highest ..	65 5 0	90 6 0	89 4 0	73 12 0	95 4 0	82 14 0	94 14 0	96 5 0	94 6 0	100 4 0	101 7 0		101 2 0	102 2 0	101 6 0	105 0 0
	Lowest ..	64 0 0	90 0 0	89 0 0	73 6 0	95 0 0	82 12 0	94 14 0	96 2 0	94 2 0	100 2 0	101 0 0		101 2 0	102 0 0	100 10 0	104 14 0
	Average ..	64 12 0	90 2 2	89 1 2	73 10 1	95 2 0	82 12 2	94 14 0	96 2 6	94 3 1	100 2 11	101 2 7		101 2 0	102 0 1	100 14 2	104 14 6
Nov.	Highest ..	65 1 0	90 10 0	89 9 0	74 4 0	95 10 0	83 3 0	94 14 0	96 8 0	94 10 0	100 6 0	101 10 0		101 3 0	102 3 0	101 8 0	105 2 0
	Lowest ..	64 11 0	90 6 0	89 4 0	73 12 0	95 6 0	82 12 0	94 12 0	96 6 0	94 6 0	100 5 0	101 6 0		101 1 0	102 1 0	101 5 0	104 14 0
	Average ..	64 13 10	90 8 0	89 8 1	74 1 2	95 8 8	82 14 4	94 13 7	96 7 8	94 7 4	100 5 6	101 6 11		101 2 0	102 2 5	101 7 2	104 15 11
Dec.	Highest ..	64 13 0	90 7 0	89 7 0	74 6 0	95 6 0	83 3 0	94 12 0	96 7 0	94 6 0	100 5 0	101 7 0		101 1 0	102 2 0	101 5 0	104 15 0
	Lowest ..	63 0 0	90 2 0	89 2 0	74 1 0	95 0 0	83 2 0	94 10 0	96 2 0	94 0 0	100 0 0	100 8 0		101 0 0	101 15 0	100 10 0	104 9 0
	Average ..	64 0 11	90 5 6	89 5 3	74 4 7	95 4 6	83 2 2	94 10 11	96 5 6	94 3 10	100 2 6	101 0 7		101 0 7	102 0 6	101 0 9	104 12 2
Highest of the year.		69 13 0	90 12 0	90 4 0	77 8 0	95 10 0	87 0 0	96 6 0	98 0 0	96 8 0	100 6 0	101 10 0	100 8 0	101 7 0	102 8 0	101 8 0	105 4 0
Lowest	,,	62 0 0	90 0 0	89 0 0	73 4 0	94 10 0	82 12 0	94 8 0	96 1 0	94 0 0	99 6 0	99 4 0	100 1 0	100 9 0	101 8 0	100 0 0	103 10 0
Average	,,	65 1 2	90 6 6	89 7 3	75 4 3	95 2 3	85 2 9	95 0 5	97 0 2	95 4 5	101 1 0	100 12 6	100 4 1	101 0 10	102 1 7	100 12 10	104 12 5

BANK RATE CHANGES.

BANK OF BOMBAY.

		Per cent.
1902.		
January	9	6
Do.	16	7
February	13	8
March	27	7
April	10	6
May	1	5
June	19	4
July	17	3
November	6	4
December	23	5
Average		**4·778**
1903.		
January	15	6
Do.	29	7
February	19	8
March	12	7
April	16	6
May	14	7
Do.	21	8
June	4	7
Do.	18	6
Do.	25	5
July	2	4
August	20	3
December	10	4
Do.	17	5
Do.	30	6
Average		**5·082**
1904.		
February	11	7
Do.	25	6
March	10	5
May	19	4
June	16	3
December	13	4
Do.	20	5
Average		**4·147**
1905.		
February	2	6
Do.	16	7
March	9	8
Do.	30	7
April	6	6
Do.	14	5
July	6	4
Do.	27	3
August	10	4
November	23	5
Do.	30	6
December	14	7
Average		**5·101**

		Per cent.
1906.		
January	4	8
February	1	9
March	15	8
Do.	22	7
Do.	29	6
April	26	7
May	24	6
June	21	5
July	12	4
Do.	19	3
August	9	4
September	12	5
November	15	6
Do.	22	7
Do.	29	8
December	13	9
Average		**6·263**
1907.		
March	7	8
May	2	7
Do.	9	6
June	6	7
Do.	20	6
Do.	27	5
July	4	4
August	1	3
September	26	4
November	7	5
December	12	6
Average		**5·939**
1908.		
January	3	7
Do.	9	8
February	6	9
March	19	8
Do.	26	7
April	16	8
May	28	7
June	25	6
July	2	5
Do.	16	4
Do.	23	3
October	22	4
November	5	5
December	10	6
Average		**5·920**
1909.		
January	14	7
May	13	6
June	3	5
Do.	24	4
July	15	3
November	4	4
Do.	18	5
Do.	25	6
Average		**5·137**

		Per cent.
1910.		
March	3	7
May	12	6
June	2	5
Do.	23	4
July	7	3
October	6	4
November	3	5
Do.	17	6
December	15	7
Average		**5·164**
1911.		
May	18	6
June	1	5
Do.	21	4
July	13	3
October	19	4
December	21	5
Average		**5·919**
1912.		
January	11	6
Do.	18	7
February	1	8
Do.	22	7
March	20	6
May	9	5
June	13	4
July	11	3
October	3	4
November	14	5
Do.	28	6
December	12	7
Do.	27	8
Average		**5·062**
1913.		
April	3	7
May	29	6
June	12	5
July	3	4
Do.	17	3
August	7	4
September	10	5
October	10	6
Do.	31	5
Average		**5·912**
1914.		
January	15	6
May	21	5
June	4	4
Do.	25	3
August	6	4
Do.	13	5
Do.	20	6
Average		**5·405**
1915.		
June	2	5
November	4	6
Average		**5·575**

		Per cent.
1916.		
January	6	7
Do.	13	8
April	13	7
May	25	6
June	15	5
July	13	4
August	17	5
October	5	6
November	23	7
Do.	30	8
Average		**6·423**
1917.		
February	22	7
March	15	6
August	23	5
December	6	6
Average		**6·054**
1918.		
May	23	5
November	7	6
Average		**5·539**
1919.		
January	16	7
March	7	6
June	12	5
Average		**5·580**
1920.		
January	22	6
February	5	7
April	8	8
Do.	22	9
May	13	8
Do.	27	7
June	16	6
July	29	5
November	4	6
Do.	12	7
Average		**6·363**

IMPERIAL BANK.

		Per cent.
1921.		
March	3	6
June	2	5
December	15	6
Do.	29	7
Average		**5·638**
1922.		
February	16	8
April	27	7
June	1	6
Do.	15	5
July	6	4
October	26	5
December	14	6
Do.	28	7
Average		**5·810**

		Per cent.
1923.		
January	11	8
May	25	7
Do.	31	6
June	7	5
Do.	28	4
November	15	5
Do.	29	6
December	20	7
Average		**5·347**
1924.		
January	3	8
February	14	9
April	10	8
May	29	7
June	19	6
July	3	5
Do.	31	4
August	21	5
October	16	6
Average		**6·674**
1925.		
January	22	7
May	21	6
June	18	5
July	2	4
September	24	5
December	3	6
Average		**5·635**
1926.		
May	20	5
June	10	4
Average		**4·819**
1927.		
January	1	5
Do.	13	6
February	10	7
June	2	6
Do.	23	5
July	28	4
September	8	5
December	8	6
Do.	22	7
Average		**5·726**
1928.		
June	21	6
July	19	5
November	15	6
December	13	7
Average		**6·196**
1929.		
February	14	8
April	11	7
May	9	6
June	6	5
October	10	6
Do.	31	7
Average		**6·323**
1930.		
April	3	6
July	10	5
November	20	6
Average		**5·337**

COTTON MILLS.

Name of Company.	No. of Spindles.	No. of Looms.	Price during boom period 1920-21.	Quotations in 1930.		Intrinsic Value.* Less Depreciation.	Quotation at close of year 1930.
				Highest.	Lowest.		
			Rs.	Rs.	Rs.	Rs.	Rs.
Ahmedabad Advance	30,692	602	3,300	372-8	297-8	390	297-8
Bombay Dyeing	1,81,624	4,850	4,395	837-8	635	925	648-12
Central India	1,00,960	2,196	6,400	503-12	348-12	300	355
Century	1,20,229	3,130	1,545	332-8	228-12	417	240
Colaba Land	44,564	719	3,800	141-4	98-12	172	108-2
Coorla	27,568	719	340	200	150	173	150
Crescent	44,688	1,054	820	120	62-8	228	70
Currimbhoy	81,420	1,013	2,365	125	50	414	62-8
David	81,634	1,229	1,925	180	100	406	100
Dawn	39,608	..	1,800	635	450	1,158	475
Ebrahim Pabaney	56,408	1,054	1,250	192-8	80	411	120
Edward Sassoon	45,808	929	820	83-12	61-4	243	75
Finlay	46,072	812	1,845	138-12	77	106	77
Fazulbhoy	52,296	1,976	2,150	561-4	357-8	607	361-4
Indore Malwa	46,274	1,313	875	380	322-8	331	333-12
Khatau	62,268	1,513	920	125	67-8	177	102-8
Kohinoor	62,916	1,430	4,800	196-4	111-4	234	131-4
Laxmi Cotton	45,792	851	5,250	1,440	895	761	907-8
Meyer Sassoon	41,232	1,038	570	65	45	168	55
Maneckji Petit	1,53,360	4,685	7,800	1,100	715	2,256	730
Morarji Goculdas	78,992	1,648	8,000	800	150	4,507	354-6
New City	43,128	416	1,040	77-8	40	169	60
New Great	49,668	1,035	1,375	241-4	111-4	342	157-8
Phœnix	52,868	744	1,430	390	285	602	300
Pearl	53,820	1,760	1,622	295	193-12	433	225
Sholapur	1,11,360	2,194	18,500	3,210	1,150	14,295	1,450
Simplex	38,144	1,326	1,335	107-8	27-8	268	67-8
Swan	30,428	604	1,700	132-8	75	100	120
Swadeshi	79,300	2,433	6,030	411-8	256-4	380	267-8
Shapurji	94,756	1,128	560	..	..	..	6-8
Vishnu Cotton	49,392	1,254	2,375	2,400	1,300	820	1,380

* The intrinsic value is arrived at by valuing the mill at total book cost after adding liquid assets and deducting liabilities.

JUTE MILLS.

Name of Company.	Number of Looms.	Quotations 1917 to 1929.		Quotations in 1930.		Intrinsic Value* Less 25 per cent. depreciation.	Quotations at the close of year 1930.
		Highest.	Lowest.	Highest.	Lowest.		
Albion	498	635	215	410	330	426	330
Alliance	1,232	922	277	460	350	523	360
Anglo India	2,561	573	110	450	325	439	335
Auckland	810	515	115	300	218	383	218
Bally	825	369-8	106	293	173	301	175
Barnagore	1,744	347	78	265	167	226	167
Belvedere	820	785	230	580	460	438	480
Budge Budge ..	990	820	230	545	402	525	410
Caledonian	616	860	218	730	560	592	650
Clive	969	79-8	17	37	29-8	41	29-8
Dalhousie	766	832	195	500	390	478	400
Delta	779	870	245	595	425	478	500
Empire	500	99	29	63	49-8	73	49-8
Fort Gloster	1,884	1,565	360	820	630	1,141	630
Fort William	1,014	620	107	363	265	392	272
Gondalpara	600	1,600	500	1,140	900	1,206	1,000
Gourepore	1,392	1,670	390-8	475	343	844	385
Howrah	1,940	70-10	23	53-8	44-12	48	48-14
Hooghly	454	175	42	98	73	84	75
Kamarhatty	1,797	1,198	226	617	463	496	523
Kanknarrah	1,527	905	265	490	380	363	410
Kelvin	702	1,460	405	880	685	1,008	685
Khardah	1,457	760	260	580	400	440	400
Kinnison	1,250	1,810	378	940	790	811	790
Lansdowne	846	626	133	264	180	339	190
Lawrence	840	1,060	220	700	530	660	535
Lothian	558	705	125	550	392	431	450
Naihatty	815	900	200	540	440	784	455
New Central	709	1,055	275	630	510	483	510
Northbrook	567	113	25-8	69	57	65	57-8
Reliance	1,276	101	20-8	81-8	71-8	55	76-4
Standard	650	933	250	420	310	447	315
Union	1,326	1,280	237	635	480	709	500

* The intrinsic value is arrived at by valuing the mill at total book cost after adding liquid assets and deducting liabilities.

ANNUAL MARKET REVIEW
1931.

PREMCHAND ROYCHAND & SONS,

BOMBAY.

13376S

ANNUAL MARKET REVIEW
1931.

PREMCHAND ROYCHAND & SONS.
PARTNERS {SIR KIKABHAI PREMCHAND, KT.
MANEKLAL PREMCHAND.
TELEGRAMS : "PRONOWN."
PHONE : 20173 AND 25671.

63, APOLLO STREET,
BOMBAY, 1ST JANUARY 1932

INTRODUCTORY.

The year 1931 will long be remembered as one of the blackest in the world's economic history ; in the first few months there was an intensification of the adverse factors prevailing in the previous year, which were reviewed in our last Report, but it was not until May that the advent of a distinct crisis could be presaged. This crisis actually developed with remarkable rapidity. The events leading to it and its progress are described elsewhere, but it is important to mention here some of the contributory factors. With the all round decline of gold prices, and of commodity prices in particular, there was no part of the world which did not feel the effects of the severe slump. Agricultural countries had their purchasing power reduced to the lowest point since the war. Manufacturing countries were unable to dispose at remunerative prices even a fraction of their output, and were burdened with a mass of growing unemployment. Governmental finance everywhere was thrown out of gear, and the repercussions of the unbalanced budgetary position of many countries were serious. The resultant tariffs to restore trade balances and to increase revenue dealt a further blow to trade, already sadly attenuated. Estimates showed that the total volume of international trade was reduced by half during 1931, a statement which, in itself, explains much of the financial dislocation that renders the year memorable.

Many conversations between Experts and exchanges of visits by statesmen of practically all important countries with the object of solving the problem took place, yet at the end of the year the economic situation of the world at large remains as desperate as it was at the beginning. There was a further fall from the low level in the index number of wholesale prices, as revealed in the following table :

	1930 Decr.	1931 Septr.	1931 Octr.
India	110	107	107
United Kingdom	109	99	104
France	488	428	414
Holland	107	91	89
U. S. A.	78	69	68

The numbers of unemployed grew in every country ; in the United States the figure rose from about 3½ millions to some 7½ millions and in Great Britain from 2,499,780 in December 1930 to 2,880,546 in September 1931, but a decline set in thereafter. In Germany the unemployment figure is very large ; it has increased from 2,882,500 in 1930 to 4,104,000 in 1931. Even in France, where unemployment was almost negligible last year, 300,000 people were unemployed and about 2,500,000 partly employed towards the end of the year. The decline of trade was reflected

in a plethora of unusable money and for the first eight months of the year, discount rates, official and unofficial, ruled low at most centres. The Bank of England rate was reduced from 3 to 2½ per cent. on the 14th May; the New York Federal Reserve Bank rate of rediscount, which stood at the low level of 2 per cent. at the end of 1930, was further lowered to 1½ per cent. on 7th May; the Bank of France rate was lowered to 2 per cent. on 2nd January; the Bank of the Netherlands reduced its rate from 3 to 2½ per cent. on 23rd January and from 2½ per cent. to 2 per cent. on 15th May; and the Swiss National Bank rate was reduced from 2½ per cent. to 2 per cent. on 22nd January. All this downward movement, however, did little to revive trade, since two powerful adverse factors were at work—the crashing fall of prices and the lack of confidence which they engendered. That lack of confidence could not be overcome by purely monetary remedies.

The factors responsible for the present world-wide depression would seem to be (*a*) maldistribution of world's gold supplies, (*b*) heavy war debts and reparation payments, (*c*) uneven production and (*d*) high tariffs.

The crisis through which the world is passing today can be characterised as a credit crisis arising primarily from the fall in gold prices leading to reduced purchasing power, and therefore to a wholesale reduction of international trade. The fall in gold prices brought about unbalanced budgets and unemployment everywhere. Reduced international trade led to an unfavourable balance of trade for many nations, particularly for those which had to face reduced earnings from abroad or a flight of capital on account of heavy taxation at home. Unfavourable balances of trade had to be settled by movements of gold, which became gradually concentrated in a few countries. This displacement of gold resulted in one nation after another going off the gold standard, and there is more than ordinary support to the fear that Germany will soon be forced from the gold position.

This grievous maldistribution of gold is disclosed in the following figures :—

Gold holdings. (000,000s omitted).

Bank of England	.. £	174	(3-7-31)	£ 135	(16-9-31)	£ 120	(25-12-31)
Bank of France	.. Fcs.	56,228	(2-7-31)	58,575	(18-9-31)	68,481	(26-12-31)
Fed. Res. Banks	.. $	2,941	(„)	3,485	(17-9-31)	2,987	(31-12-31)
Bank of Japan	.. yens.	851	(4-7-31)	816	(19-9-31)	520	(5-12-31)
Bank of Netherlands ..	.. fl.	497	(6-7-31)	703	(21-9-31)	887	(28-12-31)
Bank of Switzerland ..	.. fcs.	839	(30-6-31)	1,215	(15-9-31)	2,298	(23-12-31)
Reichsbank..	..Marks	1,422	(„)	1,372	(„)	984	(„)
Bank of Italy	..liras	5,368	(„)	5,407	(20-9-31)	5,626	(20-12-31)
Bank of Belgium	..belga	1,435	(2-7-31)	1,625	(16-9-31)	2,553	(22-12-31)
Bank of Norway	Kroner	146	(30-6-31)	146	(15-9-31)	118	(22-12-31)
Bank of Sweden	.. „	239	(27-6-31)	229	(19-9-31)	205	(24-12-31)
Bank of Denmark ..	.. „	171	(30-6-31)	164	(30-9-31)	144	(30-11-31)

The possession and movement of gold played so large a part in the crisis of 1931 that it has come to be described as a gold crisis. While in the earlier part of the century controversy centred

round the real function of gold in actual currency, criticism is now directed towards its use—or misuse—in the reserves of the various nations. Many causes led to the failure of the orthodox gold standard, not the least of them being the Great War, which involved the suspension of all financial precautions, the unstinted use of capital assets in the pursuit of a single objective, and the restrictions and dislocation of all normal trade and other activities. Government borrowing and, in its turn, the payment of interest to the market by Government, became a very much more important factor than ever before. Post-War budgets were invariably very much bigger than pre-War budgets, and in many countries the post-War boom destroyed all salutary restraint and perspective in the matter of public expenditure. During the boom there was a large amount of visible money seeking investment that was used for development of all kinds and for the expansion of production. There was also the adjustment of all war equipment to the uses of peace. Many countries, flushed with the dream of an El Dorado, counted in their resources enormous instalments of reparation payments. Production has expanded everywhere, and it is the verdict of competent observers that production has gone beyond the immediate requirements and purchasing power of the world. It was to safeguard this increased production that the tariff weapon was invoked by more than one country and Customs duties were in many cases raised to prohibitive heights; this factor, combined with a falling off in demand, led to the decline of international trade.

Many reasons have been given for the decline in gold prices. Foremost amongst them is the concentration of gold in the reserves of creditor countries, which took payments in gold instead of in commodities, and discouraged by tariff walls and other means the entry of commodities manufactured in the debtor countries. Such gold beyond a certain point ceases to operate on orthodox lines for the expansion of currency or of credit, and therefore, to affect prices in creditor countries. Had the amassing of gold been permitted to exercise its normal effect on prices, the current of trade would have immediately been reversed and an automatic adjustment taken place, but in the absence of this effect the gold merely accumulated into a dead reserve, with disastrous results on world prices. The use of gold in the payment of international trade balances or capital movements is beneficial only if the gold is allowed to affect prices and to move to and fro freely between the various countries. The excessive accumulation of gold in the central reserves of some countries is like the greedy useless hoarding of a miser; it lies inert, stagnant, instead of securing funds for the support of internal and external credit, currency and the direct influencing of prices. Every competent observer who studied this phenomenon felt that it spelt disaster. How and where the disaster would occur was, of course, not anticipated, and few were prepared for the abandonment of the gold standard by the greatest creditor country in the world, the United Kingdom.

The United Kingdom has occupied in the past a peculiar position. Not only has it been the financial centre of numerous banking institutions working all over the Empire, but it has also been the centre "*par excellence*" for other countries keeping a reserve, not of gold, but of gold exchange. Many countries kept a portion of their currency and their reserves in the United Kingdom with the certainty that, while these would earn the small rate of interest ruling, they could at any time call in those balances in gold and use them for the purposes for which they were intended. London had, therefore, apart from the great resources of the British nation, a considerable

amount of money belonging to many countries in the world, and all this money was held not only for the financing of British but of international trade. It was nothing unusual for the prices of different commodities bought and sold by trading units to be quoted in sterling and for payment to be effected in sterling even where that was not the currency of either of the contracting countries. This was due to the fact that a sterling bill could be easily negotiated. It could be readily discounted in the London market, where the discounting charges were lower than those at the financial centre of either of the two contracting parties. In other words, London was doing an enormous amount of profitable exchange business in respect of foreign bills, and was also holding at any particular moment a large number of such bills. The machinery was undoubtedly very delicate and evoked well-merited compliment from everyone who observed it, but it had its dangers. A sudden withdrawal at any moment by those who kept their funds in London was bound to lead to weakness, particularly if there was the slightest doubt with regard to the repaying capacity of those using such funds. A combination of these circumstances occurred about the middle of 1931, when several countries needed liquid resources for their own banking systems and withdrew their funds; at the same time serious doubts were created in the minds of people who had their funds in London with regard to the repaying capacity of most of the Balkan countries, Austria, Hungary and Germany. Seen from this point of view, the world crisis is undoubtedly the result of a breakdown of confidence. Had confidence not collapsed everybody would have been able to carry on much better; but, looking back, there is not the slightest doubt that there was a weakness in the system carefully reared in the United Kingdom, and that weakness disclosed itself at an awkward and unfortunate moment.

Another outstanding feature of the crisis, which must be borne in mind before a description of events is rendered intelligible, is the question of the flow of credit and capital. So long as New York allowed her increased wealth to take the form of loans to countries that needed capital, the financial balance was not unduly disturbed, but after the crisis of 1929 opinion in the United States appears to have changed abruptly. Instead of issuing new loans, America took steps for the recovery of the old loans.

This reversal of policy had its parallel in other countries also. The United Kingdom was the outstanding exception, and it was London which came to the help of the Credit Anstalt in Austria. One distinction which should have been made was, however, neglected. Short-term money and floating funds from the London money market placed to the credit of Germany and other countries were promptly sunk in long-term operations; these credits therefore became frozen. Had the circulation of money continued, renewals would probably have been easy, but, at the first sign that some of this money would be locked up for many years, there was an abrupt check to the flow of funds from other money markets with spare cash, and there was an attempt to call in funds from abroad. A simultaneous desire on the part of Central Banks to increase the liquidity of their assets put a disproportionate strain on all of them and had many far-reaching effects.

Gold withdrawals from the Bank of England which had been so much in evidence at the close of last year were continued. The Bank of France in order to counteract the decision arrived at by the Bank of England to give standard gold instead of fine, decided on January 16th to

accept gold of 916 fineness in place of fine gold as hitherto, and this accelerated the movement. The Bank of France increased its gold holdings from 53,736,958,000 francs to 56,425,623,000 francs during the first half of the year. During the same period the gold reserves of the Federal Reserve Banks rose from $1,007,120,000 to $1,236,040,000, those of the Bank of the Netherlands from 426,142,000 florins to 497,416,000 florins and those of the Swiss National Bank from 716,844,000 francs to 839,588,000 francs. The Central Banks of the United States and France alone held about $6,805 millions worth of gold against the world monetary stock of about $11,002 millions.

This sterilisation of gold precipitated a crisis the first signs of which appeared in the failure of the Austrian Credit Anstalt in the second half of May. The Austrian Parliament passed a bill empowering the Government to guarantee all credits and advances granted to the Credit Anstalt from the 28th May onwards until June, 1933, and accordingly the Bank of International Settlements and ten of the leading Central Banks agreed to give a credit to the Credit Anstalt in their respective currencies, which the latter could use as the need arose. This, however, did not mean the end of the trouble, since the repercussions of the failure were immediately felt in Germany and Great Britain, particularly in the former. The Mark began to depreciate and the situation in Germany showed signs of worsening, since the Budget for the year threatened to show a very heavy deficit. Speculation was rife as to whether it would be possible to meet this deficit either by arranging fresh taxation or by economy. Foreign countries showed a marked lack of confidence in Germany; there was a heavy calling in of foreign credits, causing the mark to depreciate in terms of dollars and sterling almost to the gold export point. German loans fell sharply in foreign markets and there was a general Stock Exchange crisis in Germany with a consequent rise in interest rates, especially for long-term credits. All this meant that the prospect of a stimulus to German economic conditions was more remote than ever. The mark broke precipitately in the second week of June and gold was exported from Germany to London, although its final destination was the Continental markets. Thus although the Bank of England's gold position improved as a result of the cessation of withdrawals on Continental account and receipts from Germany, the market could not regard as an encouraging development such clear symptoms of Continental malaise.

With a deficit Budget it was practically impossible for Germany to meet the reparation payments which, according to the Young Plan, amounted to 1618 million marks for the year 1931-32. Of this sum, 660 million marks were unconditional and non-postponable. The collapse of the Credit Anstalt had already given rise in many foreign centres to a general lack of confidence in Central Europe and particularly in a country so heavily indebted as Germany. Large withdrawals of gold were made from the Reichsbank amounting to about 624 million marks in gold and foreign exchanges during the first fortnight of June. The Bank's gold stocks were almost reduced to the statutory minimum of 40 per cent. and it became obvious that the withdrawals could not be maintained for more than two or three days without contravening the provisions of law. A very unusual but bold step was taken by the authorities of the Reichsbank. The Bank rate was raised from 5 to 7 per cent. on the 13th June.

This crisis in Germany brought to the forefront the subject of international debt payments. The opinion was gathering strength among statesmen, economists and bankers of the world that debt burdens should be reduced in the interests of the smoother flow of world trade. President Hoover of the United States rose to the occasion and offered on 20th June on behalf of the American Government and the people of the United States a year's moratorium for all inter-governmental payments. Although this did not immediately alter the economic situation in Central Europe it gave rise to a feeling of optimism in every country. There was a sharp rise in commodity prices as a result of " bear " covering, although this was due to confidence rather than to any actual expansion in purchases for consumption. The postponement of debt payments for one year by America was made conditional upon a like postponement by all other important creditor powers. It was, however, made quite clear by President Hoover that he did not approve " in any remote sense of the cancellation of debts due to the United States and that America was not involved in the discussion of strictly European problems, of which the payment of German reparation was one." While ratifying the moratorium, the United States Congress also laid stress on the point that the cancellation or reduction of war debts and reparations was an impossibility.

President Hoover's moratorium announcement gave Germany breathing space. The Financial panic was momentarily arrested. Great Britain and Italy readily agreed to abide by the terms of the moratorium. France carried on protracted correspondence with Washington before finally consenting. Every material encroachment on the Hoover Plan tended seriously to damage its economic and psychological value. It was not until 6th July that a definite conclusion was reached with France, subject to certain conditions which were a departure from the unconditional moratorium offered by President Hoover.

In the meantime mischief had been done and Germany's financial situation again became disquieting. A panic broke out. The Reichsbank lost a further 150 million marks of gold, and the gold cover for the note issue fell to the legal minimum of 40 per cent. Extraordinary steps had been taken to prevent a complete breakdown. Every Central Bank had to come to the rescue of the Reichsbank and a rediscount facility of 100 million dollars was put at its disposal jointly by the Bank of International Settlements, the Federal Reserve Banks of United States, the Bank of England and the Bank of France. The imminent catastrophe was thus averted, but the market did not recover its equilibrium. Unfortunately at this juncture one of the large commercial banks, the Danat Bank, was reported to be in serious trouble. This again caused alarm amongst creditor nations and withdrawals of gold from Germany were renewed. Decree after decree was passed by the President putting restrictions upon the movements of funds. Control was put upon foreign exchange movements and the discount rate was raised from 7 to 10 per cent. on 15th July and from 10 to 15 per cent. on 31st July. The Stock Exchange was closed and a general state of chaos prevailed throughout the country.

A conference of representatives of important countries met in London on the 20th July and discussed the German problem and its repercussions on other countries. No definite contribution was made towards a solution of the world's difficulties, but the meeting helped to give further breathing space to Germany. At the beginning of August things in that country were settling

down and on 5th August all German banks except savings banks were freed from most of the restrictions imposed upon them. The Reichsbank was able to reduce its discount rate from 15 to 10 per cent. on August 12th, and from 10 to 8 per cent. on September 2nd.

The postponement of debt payments for a year was viewed by business financial leaders not only as a material step towards relieving business depression, but it was expected to remove the danger of political and economic collapse in Germany and possibly in other countries also. While no real change occurred in trade conditions, sentiment considerably improved. The debt question was referred to a Special Commission of the Bank of International Settlements, who in their report published towards the end of the year stated that " Germany will be unable to pay the conditional annuities under the Young Plan when the Hoover Moratorium expires." The report pointed out that the collapse of world trade had increased Germany's burden and the problem demanded common action by all Governments, otherwise there would be a further catastrophe. Following the publication of this report Mr. MacDonald, Prime Minister of Great Britain, in a press interview stated that " for God's sake let us meet at once." He added that " the report shows very plainly that Governments ought to meet without a moment's unnecessary delay. The British Government are ready to meet immediately." Accordingly an international conference to discuss the whole problem of reparations and war debts in the light of present circumstances was canvassed to meet sometime in the latter half of January, 1932.

The contagion had by now reached London. Large amounts of short-term money, which had been invested by America and France in the London market at the beginning of the year owing to firm discount rates, began to be withdrawn. This was occasioned by knowledge of the fact that large amounts invested in Germany by Great Britain had become frozen. The franc, which had remained well above the gold point, fell to a point where gold export became once more possible. The rate touched 122.75 on 15th July and all Continental exchanges worsened.

In the third week of July alone the Bank of England lost more than £15 million in gold. In order to check the steady outflow the Bank raised its discount rate from 2½ to 3½ per cent. on 23rd July. The withdrawals became so serious that as a precautionary measure the Bank of England arranged the opening of Paris and New York credits, each of the equivalent in their respective currencies of £25 million; the fiduciary note issue was raised from 260 to 275 million sterling. A further rise of one per cent. in the bank rate to 4½ per cent. was made on July 30th. Following this, exchange began to improve and gold withdrawals almost ceased, though it was doubtful whether the stoppage was not at the expense of the new credits recently arranged. In any case the centre of pressure had been temporarily transferred from Berlin to London, and the movement was intensified after the publication of the May Committee's report which revealed a large deficit in the British Budget. The publication of this Report revealed a serious rift in the ranks of the Socialist Government. It brought into the cold light of statistical examination what had long been common knowledge—that owing to the extravagance of the Government, which had percolated through to most of the Local Bodies, the country was spending at a rate beyond even its gigantic resources, and that arising out of this high spending, and a fiscal system which made Britain the dumping ground of

the world, the balance of trade, visible and invisible, hitherto always in favour of Britain, had set against her. All the members of the Socialist Government professed to be at one in balancing the Budget, where the deficit was estimated at £74.7 millions in the current year, and £170 millions in the next year. But a section of the Government boggled at the economics in unemployment benefits which were the crux of the situation. It also insisted that the deficit should be met by raising Income and Super taxes to an extreme level, regardless of the patent fact that these were destroying the capital of the nation and were heading straight for the fatal operation of the law of diminishing returns. Moreover, the Trades Union Council intervened and demanded that in no circumstances should the canker of preposterous "unemployment benefits" be touched. The Prime Minister and the most serious of his colleagues rose to the height of the emergency. With the full support of the Conservative and Liberal Members of Parliament, he broke up the Labour Government and formed a National Cabinet. But the existence of this Cabinet was dependent on a precarious Liberal vote, and whilst recognising the dangers of a General Election at a time of crisis, the Cabinet decided to dissolve Parliament and to appeal to the country for a mandate which would enable it to deal drastically with public expenditure and to make such changes in the fiscal system as were necessary to combat the new economic conditions. The result was a signal triumph of democracy. The country rose *en masse*, and gave the Government an unprecedented majority and a general mandate to do all such things as it deemed expedient to balance both the Budget and to restore the balance of trade.

In this we are anticipating a little. It is necessary now to return to the financial developments which occurred whilst these great political changes were in the making. The sterling rate depreciated further and large withdrawals were made from the Bank of England, so much so that before the end of August nearly the whole of £50 million credits arranged abroad had been exhausted. Further credits to the extent of about £80 million were arranged with America and France early in September. Although the terms were hard, interest and commission amounting to 5½ per cent. they were inevitable in view of the fact that the operation had to be carried out at a moment of crisis and the terms had necessarily to be such as to ensure that the whole amount required could be placed forthwith. Although a balanced Budget was presented to and passed by Parliament, little relief was afforded to the actual financial situation. The pressure upon sterling became more intense following exaggerated reports of mutiny in Navy and on 21st September the Bank of England decided to relieve itself of the obligation to sell gold at a fixed price, a momentous decision ratified by Parliament the same day. The change was to remain in force for six months. Simultaneously with the abandoning of the gold standard, the Bank rate was raised from 4½ per cent. to 6 per cent. and the Treasury assumed powers to regulate foreign exchange dealings. On the 22nd September an order was issued forbidding the purchase of foreign exchange by British nationals or residents in Great Britain except for the legitimate purposes of trade; for the fulfilment of contracts entered into before 21st September; and for reasonable travel and personal obligations. The 6 per cent. Bank rate, although unjustified in theory, was a necessary precautionary step in a situation of almost unparallel uncertainty. The abandonment of the gold standard by Great Britain was followed almost immediately by similar action in Denmark, Norway, Sweden, Egypt, the Irish Free State, India, Northern and Southern Rhodesia and other smaller countries.

Japan adhered to the gold standard at the expense of very large withdrawals of gold, amounting to about 131 million yen, between September 19th and October 31st. But her resources were so depleted that on 11th December an embargo was put on the export of gold, followed by an announcement on the 17th December that the Bank of Japan in future would not convert its notes into gold as hitherto. Thus Japan went completely off the gold standard. Portuguese currency, which had been stabilised on a gold basis on 1st July, was linked to sterling as from 30th December 1931. Other countries, although not actually abandoning the gold standard, put restrictions on and exercised rigid control over foreign exchange operations. Among these the most important were Germany, Austria, Czecho-Slovakia, Bulgaria, Greece and Canada.

The abandonment of the gold standard in Great Britain by no means meant the end of the crisis or the stoppage of large movements of gold, which continued, though the centre had changed from London to New York. Foreign banks refrained from drawing upon their sterling balances on account of the heavy loss that such transfers would entail, and so began to draw upon their dollar balances. Faith in the safety and efficiency of the gold exchange standard had been destroyed, for foreign central banks found that the sterling exchange which they legitimately and hitherto confidently held as part of their legal reserve had lost part of its value, thereby undermining their own stability and inflicting upon them heavy losses. This led to the hurried conversion by Central Banks, notably those of Belgium, Holland, Switzerland and France, of their exchanges into gold, an event which largely explains American gold losses. Within a month nearly 500 million dollars worth of gold was either withdrawn or earmarked on foreign account in the United States. Such losses were not entirely confined to the States; Germany also suffered from a renewal of this movement in the first week of October and as much as 232,7 million marks of gold and foreign exchanges were lost to the Reichsbank. The reduction of the note cover to 31.2 per cent. necessitated further restrictions upon foreign exchange movements.

Until the suspension of the gold standard, want of confidence in sterling was reflected by movements of gold. After the suspension it was reflected by fluctuations in sterling in terms of other gold currencies.

The suspension of the gold standard in Great Britain and several other large and small states further dislocated world trade. Even prior to this change, individual countries had been taking steps to safeguard their own balances of trade by putting up high tariff walls against imports. This policy accentuated the concentration of gold in creditor countries and dealt a severe blow to the industries of debtor countries, particularly Germany. In turn this was not without its repercussions upon creditor countries, whose products were in less demand since the means with which to pay for them had declined. In the midst of plentiful crops and consequent cheap prices all over the world, the suffering of the people was acute. To counteract the adverse effects on trade of the suspension of the gold standard in several countries, a regular warfare in tariffs ensued, thus paralysing trade further and making confusion worse confounded. All reciprocity agreements were forgotten or evaded and the war of retaliation started.

The chapter of cheap money rates closed simultaneously with the suspension of the gold standard and there was a definite movement towards higher interest rates in almost all countries. The Bank of England rate was raised to 6 per cent. on the 21st September; the New York Federal Reserve Bank rate was put up from 1½ to 2½ per cent. on 8th October and to 3½ per cent. on 15th October, two increases of a whole point in successive weeks being unprecedented. The Bank of France raised its rate from 2 to 2½ per cent. on October 9th, the Bank of Japan raised the rate from 5.11 to 5.84 per cent. on October 5th and to 6.57 per cent. on November 4th; the Banks of Norway and of Sweden put up their rates from 6 to 8 per cent. on 28th September.

The world being thus beset with multifarious difficulties, it will require the concerted co-operation of all the nations and the abandonment of fear and suspicions of each other's actions and motives to pave the way to prosperity. "The Economist" in one of its recent issues stated that "the tree of prosperity grows from the seeds of confidence and those most delicate seeds will not sprout unless they are carefully tended and watered." The same paper in another issue stated that "a plain choice lies before the European nations to-day. They must either find some method of drawing closer together instead of drawing further apart in military, political and economic policy, or else they must think of the future in terms of preparation for the next Great War." The machinery to bring about the required co-operation and good will among the nations already exists; it has only to be set at work.

The League of Nations has already given attention to the problem of gold and tariffs, and its expert opinion on these matters is available. The crisis on the Continent and Great Britain was the subject of frequent discussions by the League Council and the Bank of International Settlements. Apart from this, a great advance was made in other directions of activity rightly belonging to the League. The disarmament question was discussed and a General Disarmament Conference has been fixed for February, 1932. Renewed efforts were made under the auspices of the League to bring Italy and France to some agreement with the other three Powers, the United States, Great Britain and Japan, in following a policy of Naval Disarmament. Unfortunately no agreement could be reached, but it is sincerely hoped that when the General Disarmament Conference is held next February the question of naval disarmament will be taken up. On the question of closer political and economic co-operation between the states of Europe, the League of Nations made little progress this year owing to the confused and chaotic economic conditions prevailing on the Continent. In this direction, however, efforts were made by Germany by forming a closer Customs union with Austria, but as this was in direct defiance of the Treaty of Versailles the proposition was dropped, chiefly owing to French pressure.

The Bank of International Settlements has established itself and become an essential part of the world's international machine. Meetings of representatives of almost all the important central banks of the world were frequently held under the auspices of the Bank to find means for the solution of international problems. The Bank carried on regularly its reparation function by collecting war debt annuities from debtors and paying them over to the creditors, the function for which it was primarily created. This function was, however, temporarily suspended as a consequence of the Hoover moratorium. The Bank provided a common meeting ground for the

monetery authorities of various countries and while it has not actively intervened in the markets to counteract adverse movements, it has succeeded in mitigating the effects of international debt transfers upon exchanges. It has also to a small extent kept interest rates even. But owing to the limited funds at its disposal, this side of its activity cannot be great.

A subsidiary to the Bank, the International Mortgage Bank, was formed in Basle this year with a share capital of 25 million Swiss francs. The objects of the Bank are stated to be the granting of credits to Europe by taking over mortgage bonds and debentures from the leading mortgage banks, and possibly the direct granting of loans on mortgages. It is, however, too early yet to say that the Bank has fulfilled its functions in the proper manner, but it is to be hoped, that, like the Bank of International Settlements, it also will prove useful.

Although world peace generally has been maintained, local crisis and revolutions have become commonplace. There were frequent changes in the governments in the important European States. The wave of unrest which produced half a dozen revolutions in South America from June to October, 1930, showed itself at the turn of the year in Central America. There was a revolution in Panama and fresh fighting in the forests of Nicaragua. There were disturbances in Cuba in mid-August and also in Chile. In Central as in S. America, political revolutions reflected the economic distress incidental to world-wide depression. Sporadic disturbances occurred in Central Europe. Conditions in Spain were disquieting at the opening of the year ; the country was faced with two alternatives, revolution or a new military dictatorship. Following the sweeping victories of the Republicans in the Municipal elections, King Alphonso abandoned the throne and left the country in mid-April. Spain thus became a Republic. There was trouble between the Government and the Wafd extremists in Egypt, in which Great Britain was perforce interested. There was a sudden anti-Chinese outbreak on Korea in mid-July, and the clash between the two countries still continues. The assistance of the League of Nations was resorted to on the Manchurian question, where Japan forcibly intervened to protect her interests and her troops gradually spread over Manchuria. Japan's adamant attitude caused difficulty but in the end the League agreed to send a Commission of Enquiry.

While adhering to the usual programme of dealing with the financial situation of each country in a brief summary, it is proposed to add this year a new feature to the report in order to make clear the progress of the world crisis. Below are given the dates and a brief mention of the more salient events in the order in which they occurred :—

A diary of important events in foreign countries.

May 2nd half .. Austrian Credit Anstalt was in difficulties and Parliament passed a bill empowering Government to guarantee all credits advanced to the Bank from 28th May onwards until June 1933. The Bank of International Settlements and ten of the leading Central banks agreed to give a credit to the Credit Anstalt in their respective currencies to be used as need arose.

June 1st week .. German mark depreciated and large withdrawals of gold from Germany began.

June 13*th* .. Reichsbank rate raised from 5 to 7 per cent.

20*th* .. Announcement of one year's moratorium for all inter-Governmental debts by President Hoover.

July 1*st week* .. $ 100 million rediscount credit facility granted to Reichsbank jointly by the B. I. S., Federal Res. Banks of the United States, the Bank of England and the Bank of France.

July 8*th* .. Announcement by President Hoover of the acceptance of the principle of moratorium proposal by all the important creditor countries.

July 2*nd week* .. Further depreciation in the mark; Several Presidential decrees were passed in Germany to avoid a complete breakdown of the financial structure of the country.

11*th* .. Reichsbank bank rate raised from 7 to 10 per cent.

14*th to* 16*th* . German banks closed.

20*th* .. Seven Power Conference met in London to examine the financial and economic situation of Germany and recommended the renewal of £20 million credit to the Reichsbank. It also recommended that the B. I. S. should set up a committee to inquire into Germany's immediate further credit needs.

3*rd week* .. Withdrawals of gold from the Bank of England commenced on a large scale.

23*rd* .. Bank of England rate raised from 2½ to 3½ per cent.

4*th week* .. .. Bank of England arranged for a credit equivalent to £50 million with France and U. S. A. The British Treasury increased the fiduciary issue of the Bank of England by £ 15 millions to £ 275 millions.

30*th* .. Bank of England rate raised to 4½ per cent.

31*st* .. Reichsbank rate raised from 10 to 15 per cent.

Aug. 5*th* .. German banks freed from most of the restrictions imposed upon them.

12*th* .. Reichsbank rate reduced from 15 to 10 per cent.

2*nd & 3rd week.* Large withdrawals of gold from the Bank of England and the credit of £ 50 million arranged at the end of July almost exhausted.

24*th* .. Labour Government resigned owing to disagreement about measures to give effect to the Economy Report.

25*th* .. National Government in England was formed.

Sept. 1*st week* .. Further credit for equivalent of £80 million arranged by the Government of Great Britain with France and U. S. A.

1*st* .. .. German 'Standstill' agreement became operative.

5*th* .. The permanent court of International Justice decided that the proposed Austro-German Customs Union was against the Geneva Protocol of October 1922.

Sept. 11*th* .. Supplementary proposals to balance the Budget announced by Mr. Phillip Snowden in the House of Commons.

12*th* .. Indian Round Table Conference reopened in London.

20*th* .. England decided to suspend the Gold Standard—Reasons were :—Since middle of July funds amounting to about $200 million had been withdrawn from the London market. Withdrawals were partly met by gold and foreign currency held by the Bank and partly from the proceeds of the credits of £50 million which shortly matured and also from the £80 million credit recently arranged.

21*st* .. Bank of England rate raised from 4½ to 6 per cent. All markets on the Continent and in India were closed.

Banks in India closed for three days (22nd to 24th).

Government of India suspended the operation of clause 4 of the Currency Act of 1927, relieving itself of the obligation to sell gold or sterling. Bank rate raised to 8 per cent.

22*nd* .. Denmark decided to suspend gold exports.

British Parliament passed the bill suspending the relevant section of the Gold Standard Act.

23*rd* .. London Stock Exchange reopens.

24*th* .. Indian Government issued a 2nd Ordinance whereby rupee was to be linked to sterling and announced measures to control exchange operations.

25*th* .. Indian Banks reopened without disturbance.

27*th* .. M. Laval and M. Briand went to Berlin to confer with German Government

28*th* .. Denmark suspended gold standard.

Netherlands Banks raised the rate from 2 to 3 per cent.

30*th* .. Emergency proposals to balance the Indian Budget introduced by Government in the Legislative Assembly.

Octr. 2*nd* .. House of Commons passed the Finance Bill.

1*st week* .. British Parliament dissolved and a General Election announced for October 27th.

German Government resigned, Dr. Bruning entrusted with the formation of a new cabinet.

5*th* .. Bank of Japan raised its rate from 5.11 to 5.84 per cent.

8*th* .. New York Fed. Res. Bank rate raised from 1½ per cent. to 2½ per cent.

9*th* .. Bank of France raised its rate from 2 to 2½ per cent.

China requested the intervention of the League of Nations in the Manchurian trouble.

Octr. 12*th* .. The B. I. S. decided to renew for 3 months $25 million credit granted to the Reichsbank and also invited the Bank of England, New York Fed. Reserve Bank and the Bank of France to take similar action.

Gold standard suspended in Finland and Northern and Southern Rhodesia.

15*th* .. Fed. Reserve Bank of New York raised its re-discount rate to 3½ per cent.

M. Laval at Washington to confer with U. S. Government.

19*th* .. Canadian Government issued Order-in-Council prohibiting export of gold except by license.

27*th* .. British General Election polling day.

28*th* .. General Election results. National Government wins by a large majority.

30*th* .. The Bank of England announced the repayment of £20 million of the £50 million credit granted by the Bank of France and the Fed. Reserve Bank of New York on August 1st and due to expire on October 31st, the remaining £30 million being extended for a further period of three months.

Nov. 4*th* .. League's reply to Japanese Government's note on the Manchurian question.

Bank of Japan raised its rate from 5.84 to 6.57 per cent.

5*th* .. Reports of severe fighting between Chinese and Japanese forces in Manchuria.

New British Cabinet's personnel of twenty members announced.

Last week .. Germany's request to the Bank of International Settlements to convene a committee to discuss arrangements with regard to the question of private debts and measures to be taken in view of the prospective expiration of the existing " standstill " agreement in February next.

Dec. 1*st week* .. India Round Table Conference ended.

11*th* .. Embargo put on the export of gold from Japan.

17*th* .. Bank of Japan announced that its notes would not in future be converted into gold.

26*th* .. Report of the Committee of the B. I. S. to investigate the German situation published. It stated that Germany was unable to meet reparation payments and unconditional annuities. It recommended an international conference on the question of reparations.

Great Britain.—Conditions in the United Kingdom underwent rapid changes, both economically and politically. Gold was leaving the Bank of England from the beginning of the year despite the fact that the bank rates in France and the United States were lower than that in England. The movement became so intense that by the end of January the gold reserves of the Bank of England were reduced from £148.8 millions to £140.1 millions and it was felt that some other measures were necessary to check this movement. The Bank of England adopted an open market policy, causing firmness in discount rates. As a consequence, the franc as well as the dollar

improved to a point where sterling was for the moment out of danger, and in fact large amounts of French and New York short money were attracted to the London market. The Bank could not lose hold of the money market if gold losses were to be avoided and discount rates were maintained fairly high. Things steadily improved and by the end of March the Bank of England for the first time for almost exactly a year succeeded in securing a part of the Cape gold. This success had a psychological effect, particularly upon the New York exchange. The gold outlook became more encouraging and the market price in the last week of March fell below the Bank's statutory buying price for the first time since November 1926. Consignment after consignment was bought by the Bank of England and by the week ending 11th April the Bank's gold reserves rose to £147 millions. Yet conditions did not warrant any relaxation in the discount rate, since it was realised that sterling was still supported by short-term money operations and neither trade nor long-term capital movements were developing to the point where they could take over the load. It was, however, true that sterling commanded far greater confidence than at the time steps were taken three months previously to draw foreign short money to London. Further additions were made in the following few weeks and by early May the Bank of England's percentage of gold to liabilities improved to over 55. The Bank rate was reduced to 2½ per cent. from 14th May, the lowest since 1908. Unfortunately at this juncture financial and economic troubles arose in Austria and soon spread to Germany, causing an atmosphere of unsettlement on the Continent. Gold began to leave Germany. Part of it went to the Bank of England, so much so that by the end of June the Bank's gold reserves rose to over £164 millions and the proportion of gold to liabilities reached the high level of 59.11 per cent. But this very influx of gold was the precursor of the trouble that followed. A large amount of short-term and long-term money had been invested by Great Britain in Germany and Austria, and the economic troubles in those countries naturally undermined confidence in the financial stability of Great Britain. Short-term investment by America and France at the beginning of the year, which had helped the Bank of England to accumulate gold, now began to be withdrawn and within less than a month about £30 millions worth of gold was lost to the Bank. The Bank rate was raised from 2½ per cent. to 3½ per cent. on 23rd July, but without effect. Withdrawals continued, and became so serious that the Bank of England arranged a £50 millions credit jointly in Paris and in New York and the Fiduciary note issue was raised from £260 to £275 millions. This was not the first time that the Bank had obtained help from abroad. In 1925, to go no further back, the Bank on the re-establishment of the gold standard obtained a 250 millions dollar credit from the New York Federal Reserve Bank, although it was never necessary to draw upon it. A further rise in theBank rate to 4½ per cent. was made on the 30th July, with the result that exchange began to improve and gold withdrawals almost ceased. In the meantime it became abundantly clear that the British Budget position was far from satisfactory. The May Committee's report published on 13th July revealed a heavy deficit of about £74.7 millions this year and about £170 millions for next year. The same report recommended heavy retrenchment in expenditure and it was quite clear that further new taxation would be necessary for budget equilibrium. Although the ordinary budget for the year had been balanced by recourse to transfers from reserves and by new taxation, the Chancellor of the Exchequer, Mr. Phillip Snowden, in a debate on public economy in the House of Commons stated, " I say with all the seriousness I can command that the national

position is so grave that drastic and disagreeable measures will have to be taken if the budget equilibrium is to be maintained and if industrial progress is to be made." Accordingly the Economy Report published in July caused little surprise to the City. But wide differences existed among the members of the Labour Cabinet on the measures to be adopted to meet the situation. As a result the Labour Government was dissolved and a new National Emergency Cabinet was formed on 25th August. Owing to uncertainty as to the outcome of the Supplementary Finance Bill, foreign short-term money continued to be withdrawn. A further credit to the extent of £80 millions was arranged with America and France in early September, but the pressure on sterling became so intense that the gold reserves of the Bank of England were reduced to the low level of about £130 millions and the major portion of the credits obtained by the Bank and the Government was used up. Panicky conditions, tantamount to a run on a perfectly sound Bank prevailed. On the 21st September the Bank of England, with the concurrence of the Government, issued a communique relieving itself of the obligation to sell gold at a fixed price. The Bank rate was simultaneously raised to 6 per cent. from that date. Thus within six years of Great Britain's return to the gold standard the country had again to break away from it.

The supplementary budget, which proposed extraordinary measures, was presented to the House of Commons on 10th September. Protests against the Government's economic plans were inevitable both from within and without. The curtailment of unemployment relief and the cut in salaries caused dissatisfaction resulting into minor disorders amongst the unemployed and in the Navy. The imposition of high tariffs and the adoption of a proposal to prohibit the entry into Great Britain of luxury products caused alarm abroad. The Finance bill was rushed through in the first week of October. Simultaneously with the passing of the budget Parliament was dissolved and it was announced that a General Election would be held on the 27th October. The National Government which was formed to meet the emergency did its work and ended its career within five weeks. An appeal was made to the country by Mr. MacDonald who stated that, " steps of the utmost importance, National and International, must be taken to quicken stability. These are times of exceptional emergency and exceptional conditions demand exceptional treatment." The country did not fail to respond to this appeal and the General Election resulted in an unqualified victory for the National Government.

It had been expected that the return of a National Government to power would restore confidence in sterling, but there were at work economic forces which tended to weaken it in terms of gold currencies. These were chiefly due to a temporary worsening of the balance of trade due to a rush of imports in anticipation of the tariffs which the National Government were known to be considering. The dollar sterling rate which stood at about $3.90 to the pound before the General Election, suffered a sharp fall to $3.24 on the 1st December, recovering to about $3.40 towards the end of the year. The relation of sterling with the French franc, the gilder, the Swiss franc, the mark and all other gold currencies underwent similar movements.

On the industrial side there was steady deterioration during the first eight months of the year and the number of unemployed increased from 2,499,780 in December 1930 to 2,880,546 in September 1931. After the suspension of the gold standard and the imposition of heavy tariffs

came signs of a revival in industry. The number of unemployed began to show signs of shrinkage, but it would seem too early yet to say that this movement will continue, since the purchasing power of the world on which Great Britain's export trade depends still remains very low. The total volume of trade during the year amounted to £1251.337 millions as compared with £1614.729 millions in 1930 and the adverse balance of trade in merchandise declined from £473.221 millions to £473.011 millions.

In her relations with the rest of the Empire, Great Britain was concerned with internal political dissensions in Egypt owing to the present anomalous relations existing between the two countries. Iraq was proposed by Great Britain for admission to membership of the League of Nations, which meant that Iraq was to become a free State from 1932. Fresh discussions with India on constitutional advance were carried on and although the Round Table Conference has ended, its work of building up an All India Federation of self-governing units is to be continued in India early next year. The Imperial Conference which assembled in London in November 1930 was adjourned for resumption at Ottawa this autumn. The Ottawa meeting, however, did not take place as the reasons which led to the adjournment of the Conference in 1930 still existed, but the meeting is to be held as an Economic Conference next year to discuss problems connected with the adoption of protection by Great Britain.

It is impossible to say at this stage when and at what level the pound sterling will be stabilised in terms of gold. Much will depend upon the attitude of the United States and France, since they not only hold the bulk of the existing gold supply but have a claim on future production as well, being creditor nations. In the meantime Great Britain must put her own house in order. Drastic economies should be effected in all the departments and the ruthless prodigality of the last Labour Government stopped. No pains should be spared to balance imports and exports. Great Britain must increase her export trade, which can be achieved by longer hours of work and cutting costs. Great Britain's export trade has, of course, benefited by her going off the gold standard, which has lowered the price of her goods in foreign currencies. One of her largest markets is India, and trade with this part of the Empire, stimulated by her departure from gold, can best be maintained and increased if Britain cultivates the goodwill of the Indian people by treating them on terms of equality on the lines indicated by His Excellency the Viceroy in his speech to the European Association in Calcutta.

United States.—The crisis on the New York Stock Exchange which occurred at the end of 1929, not only continued during 1930 but throughout 1931. Prices of almost all stocks declined persistently and there was a widespread feeling of pessimism. Some indication of the intensity of the depression is given by the fact that according to figures, loans to members of the New York Stock Exchange had fallen since the 1929 peak of $6,945 millions to $1,421 millions and member bank security loans from $9,179 millions to $6,980 millions in early June. A further fall in the prices of stocks was precipitated by Great Britain's abandonment of the gold standard, since industry, which had already been in a bad plight, suffered a further severe blow. The quotation for United Steels (Ordy) which stood at $147½ on January 7th reached the low level of $55½ on December 30th. Anaconda Copper shares declined from $32⅝ to $9¾ on December 31st. There

were several bank failures involving some important institutions. Four per cent of the total bank deposits in the United States were swallowed up by the failure of no fewer than 1,700 banks with the deposits amounting to 1,500,000,000 dollars during the first ten months of 1931. During October a record was created by the suspension of twelve banks with the deposit of 560,000,000 dollars. In order to restore confidence in the American banking system and to release "frozen" credits for industrial and commercial use President Hoover caused the formation of a National Credit Corporation with a capital of 500 million dollars to help needy banks. Government finances also suffered and the American budget, like that of most other important countries, reveals large deficits, the figure for 1931-1932 amounting to about $2,000 millions. The volume of trade shrank considerably, particularly after the suspension of the gold standard by various countries, and was more than a milliard dollars less in exports and about $900 million less in imports for the past eleven months of the year. The balance of trade however is still considerably in America's favour as the surplus of exports for the past eleven months amounts to about $300 millions. Commodity prices fell still lower, and the Farmboard continued to hold surplus stocks of cotton and wheat, although it was occasionally reported that large amounts were released by the Board for sale in the open market at prevailing rates. So long as there remains a large carry over with the Farmboard, little revival can be expected in commodity prices.

The crisis on the Continent and in Great Britain affected the United States in the shape of large movements of gold from that country to Continental centres. This was, however, offset by arrivals from Japan, Canada, Germany and South American countries and on the whole the total gold holdings of the Federal Reserve Banks showed an increase. Imports of gold during the eleven months ended 30th November totalled $522,000,000 in value while exports amounted to $434 millions.

The situation in the United States of America is far from satisfactory. In the midst of plentiful crops and great manufacturing power the country is suffering from a famine of buyers. Attempt has been made to reduce costs by an all round reduction in wages, but in order to revive trade the United States should reduce tariffs considerably, cancel war debts and reparations payments and resume lending to debtor countries, thus enabling them to put their economic house in order. If action is delayed, there will be a further deterioration in the wealth and well-being of America and Europe. Moratoriums for a year or two will not help the present situation. What is required is substantial sacrifice.

France.—France made large accumulations of gold during the year increasing the reserves at the bank from 53,577,609,000 francs on the 26th December 1930 to 68,481,174,000 francs on December 26, 1931. Although all legal measures were taken by the bank to prevent the flow of gold into France, public feeling proved too strong for them. The Bank of France on its part kept the rate of interest very low at 2 per cent and raised it only to 2½ per cent after the outbreak of the crisis. Fears of European stability, however, not only prevented French investors from financing debtor countries, but large withdrawals of their previous accumulations in those countries were made despite low interest rates at home.

The problem of reparations, which affects the economic wellbeing of France more intimately than that of any other country, was revived by the declaration of one year's moratorium of all inter-governmental debts by President Hoover. France was naturally unwilling to give her unqualified assent to the proposal, since she was the heaviest loser among the European creditors and receipts from this source form the backbone of her national economy. The French budget, which depends largely for its revenue on war debts annuities and reparations payments, cannot but be a deficit one despite the otherwise comparatively happy position of the country. Although no interim measures have so far been taken to meet this deficit, economy is being exercised in all directions to reduce public expenditure. After protracted negotiations between France on the one hand and America and Germany on the other, France agreed to the Hoover Plan with certain modifications. Nevertheless some further sacrifices will have to be made by France if she desires to see an end to the depression which is ravaging the world to-day.

On the industrial side, France suffered equally with other countries owing to the decreased demand for her products, particularly from the East. The number of unemployed, which was negligible last year, reached the large figure of 2,800,000 both unemployed and partly employed at the end of this year. The volume of her export and import trade suffered, the adverse balance of trade for the ten months being 10,562 million francs as compared with 7,572 million francs for the same period last year. Her usual income from the tourist traffic was also small, particularly in the last quarter when her currency appreciated considerably.

France with her large gold reserves stands in a unique position compared with other European countries. But she cannot afford to keep aloof for long, since her prosperity depends on that of her neighbours. It is for France to give a lead towards European economic recovery, and to assist in dispelling national fears and suspicions. With all her wealth and gold she cannot sell her goods to people whose cash boxes are empty.

Germany.—Although money was cheap in almost all other important countries, it commanded a higher price in Germany. There was an absence of liquidity in the German market which had manifested itself in the other principal foreign markets the previous year. The market discount rate of $4\frac{1}{2}\%$ at the opening of the year was more than twice as high as that of London, and first class German borrowers had to pay over 6 per cent. for one month money, nearly three times the rate obtaining abroad. The Reichsbank rate of 5 per cent in comparison with the rate offered by neighbouring Central Banks, was a clear indication of Germany's position. German economy since the stabilisation of the mark depended upon foreign borrowing, which was no longer available. In fact, foreign creditors had shown a tendency to withdraw their funds, with resulting large inroads on the gold reserves of the Reichsbank. Industry suffered from the lack of foreign demand for German manufactures. The number of unemployed increased from 2,882,500 to 4,104,000 during the year. In addition, large payments beyond Germany's capacity had to be made on reparations account. German exchange, which was weak at the opening of the year, soon showed signs of worsening, and the actual crisis came with the failure of the Credit Anstalt in Austria. The pace of the withdrawal of foreign credits was accelerated. In the first fortnight

of June, the Reichsbank reserves were depleted by over 624 million marks in gold and devisen. The bank rate was raised from 5 to 7 per cent on 13th June. This did not lessen the gold withdrawals, and within a few days the gold reserves of the Bank were reduced almost to the minimum of 40 per cent. Temporary relief was afforded by President Hoover's announcement of one year's moratorium for all inter-governmental debts, but the delay in giving effect to it led to further withdrawals of gold. The note issue cover fell to the legal minimum of 40 per cent. Extraordinary steps were taken and the assistance of other Central Banks was invoked to save Germany from complete collapse. An arrangement for 100 millions dollar credit was made with the Bank of International Settlements, the New York Federal Reserve Bank, the Bank of England and the Bank of France. Hardly had this arrangement been completed than the Danat Bank, a large commercial bank in Germany, failed, causing renewed withdrawals of gold. Fresh Presidential decrees were issued restricting bank payments to sums essential for wages, etc.; all foreign transactions were subjected to the Reichsbank's control ; the Stock Exchange was closed and the Reichsbank's rate of interest was raised from 8 to 10 per cent on the 15 and from 10 to 15 per cent on 31st July. These stern measures taken by the Government and the Reichsbank achieved their purpose and by the beginning of August things were settling down. The banks were reopened and freed from most of the restrictions. The rate of interest was reduced to 10 per cent on August 12th and to 8 per cent on September 2nd.

Conference after conference was called and a " Standstill " agreement was arrived at between Germany and other important Nations. A Commission appointed by the Bank of International Settlements to review the financial and economic position of Germany reported at the end of the year that Germany was not in a position to pay unconditional annuities and War debts. It is sincerely hoped that creditor countries will consider the question of reparations in the light of present circumstances and give much needed relief to Germany, thus saving Europe from possible bankruptcy.

Russia.—Rapid industrialisation is in the forefront of Russia's economic policy. The five year plan is still the Nation's goal. The principles of Communism and Socialism have been modified, the State industries being conducted according to a capitalist method. Sacrifices are demanded from the agriculturists in order to maintain the factory worker, who is paid by piecework. Raw products are exported even to the extent of half starving the population so that payments may be made for the machinery, cotton and other raw materials required from abroad for the execution of the Five-year Plan. The fall in world commodity prices may partly be attributed to the Russian policy of dumping these products in unwanted markets at ridiculously low prices. The economic condition of the country is obscure. So long as Russia follows the policy of repudiating her foreign debts she must be excluded from the orbit of the modern financial world.

China.—The prosperity of China, which depends very largely upon her export trade and the price of silver, suffered badly during the first eight months of the year. Heavy floods in the Yangtse valley caused tremendous loss to crops and there was a severe famine in the interior. The demand for China's products, mainly silk, remained low, while she had to pay more for her

imports on account of the very low price of silver. The situation at one time became so serious that there was a revival of talk of an external loan by America to China. A turn for the better occurred on the announcement of the Hoover Moratorium, which changed the market sentiment, and the price of silver rose sharply. The Shanghai tael, which had touched the lowest level of 1*s.* 1$\frac{7}{8}$*d.* in February, improved immediately to 1*s.* 7*d.* The improvement continued, further impetus being given to it by renewed reports of an International Silver Conference to rehabilitate the metal. These reports were strengthened by the abandonment of the gold standard by Great Britain and other States. Although the price of silver rose considerably towards the close of the year from the low level prevailing in the first half, the purchasing power of the country did not increase materially, since the demand for China's products still remained poor. It is, however, expected that once the world at large is able to extricate itself from the present slough of despond, China's external trade will revive and with the tendency of silver to rise in price, the pace of recovery will be accelerated.

Internal strife continued, but it was of comparatively little consequence this year. China's main trouble was with Japan over the Manchurian question. The situation grew serious and the matter was referred to the League of Nations. No solution has, however, been reached and the fighting in that centre continues.

Japan.—Great hopes for a revival of trade had been placed by Japan in her decision to revert to the gold standard on 10th January 1930. With the deterioration of world economic conditions this year, however, Japan could not expect to benefit by a return to the gold standard; in fact the force of circumstances was so great that within two years the standard had to be abandoned once again. Worldwide trade depression severely affected all Japan's industries. Following the suspension of the gold standard in Great Britain, there were large withdrawals of gold from the Bank of Japan on American account, and the export trade suffered still more severely owing to the appreciation of yen in terms of the currencies of countries that had gone off the gold standard. Her trade with India which had already suffered on account of the imposition of extra duties on manufactured articles, particularly cotton piecegoods, became still worse, and is evident from the following average import values of piecegoods for each quarter of this year :—

1st quarter	Rs. 49·55 lacs.	
2nd ,,	Rs. 46·06 ,,	
3rd ,,	Rs. 41·66 ,,	
4th ,,	Rs. 47·58 ,,	(During this quarter the yen appreciated about 35%.)

The Government of Japan issued on 11th December a decree prohibiting the export of gold, which was followed by another decree on the 17th prohibiting the conversion of notes into gold. Thus Japan virtually abandoned the gold standard.

In the interval that lapsed between the suspension of the gold standard in Great Britain and in Japan, the Bank of Japan lost about 296·5 million yen, reducing the total reserve to about 520,835,000 yen on December 5th as compared with 826,019,000 yen at the beginning of the year. The Bank rate was raised from 5.11 per cent—a level at which it had stood since 6th October 1930 to 5.84 per cent on 5th October and to 6.57 per cent on November 4th.

Australia.—The Government of Australia was faced with serious economic difficulties throughout the year, which were aggravated by party dissensions. The Australian exchange, which had been pegged at the opening at £109 to £100 British, depreciated further and was quoted as high as £130 by the end of June. Stern measures were adopted by the Federal Government to restore the balance of trade, and to stimulate exports of wheat and wool. The sale of these two staples was expected to provide Australia with sufficient additional foreign exchange to permit a modification of the Federal System of rationing and to bring the exchange rate nearer to parity. Real recovery, however, depends upon the price of wheat and wool, and so long as this is low the restoration of Australia to economic soundness is bound to be a protracted business.

While the national income of Australia, whose production averages about £450 million a year, has now reduced to about £100 millions, the external annual debt payment remains unchanged at about £36 millions. To meet this the Commonwealth of Australia had to ship £15 millions in gold, the balance being met out of the temporary borrowings abroad. The suspension of the gold standard in Great Britain was a God-send for Australia, since it improved her position in regard to foreign payments. At home ruthless retrenchment was effected and many measures of economy introduced. A voluntary conversion Loan scheme was adopted to reduce internal debt charges. Australia is consolidating her position, and with a revival of world trade, coupled with the rise in the price of her staple commodities, she may be expected to regain her former economic position. The change in Government towards the close of the year is also expected to quicken the pace of Australia's advancement.

Owing to serious economic troubles the Central Reserve Bank Bill was adjourned *sine die* and the Commonwealth Bank of Australia, though essentially a trading bank, will continue to perform all the functions of a Central Bank.

Canada.—Although in the prairie regions of Canada drought prevailed and the wheat crop was poor, the country's wheat outturn as a whole was large, amounting to 298,000,000 bushels as compared with 398,000,000 bushels during the previous year. Movements of export were better than in 1930 up to May, but they slackened off in June and thereafter. The heavy American crop of winter wheat kept the price of Canadian wheat from rising appreciably. Following the abandonment of the gold standard by Great Britain, however, the price of wheat improved by about 15 cents per bushel during the last quarter and to that extent Canada's income from this source was augmented. Gold output continues to increase. The total production, which in 1921 amounted to 28,813 kilograms, increased to 59,947 kilograms in 1929, to 65,700 kilograms in 1930 and to about 83,750 kilograms in 1931. Canada now occupies third place among gold producing countries; her production is very near that of the United States of America and is one-fifth of that of South Africa. Among the mineral products of Canada, gold occupies third place, coal and copper being the first two.

Although Canada did not actively abandon the gold standard after its suspension in Great Britain, certain restrictions were placed on exchange operations. The Canadian dollar, despite the fact that the country is still nominally on the gold standard, is quoted at about 8 to 10 per cent discount in terms of the American gold dollar. Canadian foreign balances have considerably decreased during the last quarter.

South Africa.—South Africa still occupies first place among the gold producing countries of the world. This year, like last, there was a scramble for gold whenever it was offered in the open market, and after the suspension of the gold standard in Great Britain sterling price of gold rose very high, the maximum being 128s per ounce fine. The total output of both the Transvaal and Southern Rhodesian mines for 11 months amounts to 10,432,800 ounces compared with 10,312,414 ounces during the same period last year.

India.—The year under review witnessed a further deterioration in India's economic condition. Political affairs remained highly uncertain, but unlike last year, did not actually interfere with the conduct of business. The monsoon on the whole was seasonable and plentiful, but the area under cultivation was deliberately curtailed in view of falling commodity prices and decreased local consumption. The demand for India's merchandise exports also shrank further, the total volume being Rs. 169.48 crores as compared with Rs. 257.04 crores last year. The import trade also was relatively small and the favourable balance of trade (merchandise only) declined to Rs. 34.66 crores as compared with Rs. 73.77 crores during last year.

Government finances in India suffered in common with those of other important countries. The budget for 1930-31, in spite of an increase of Rs. 6 crores in taxation, revealed a heavy loss of Rs. 13.56 crores. The Budget for 1931-32 was estimated to show a deficit of Rs. 17.24 crores, of which a small portion was expected to be met by cut in civil and military expenditure, reducing the gap to be filled in to Rs. 14.51 crores, for which provision was sought by fresh taxation. There was general resentment against the excessive burdens imposed, and certain fresh income tax proposals were almost unanimously rejected by the Legislative Assembly; they were later certified by His Excellency the Viceroy. There was general demand for retrenchment in expenditure under all heads, since it was realised that budget after budget could not be balanced by fresh taxation alone. At the persistent request of the Legislative Assembly, Government agreed to the appointment of retrenchment committees to investigate Central expenditure, and all the Provinces were recommended to follow suit.

One of the new duties imposed which calls for a mention, was the duty on imported wheat at Rs. 2 per cwt., which is equivalent to Re. 1-8-0 per maund. That this duty was not for realising a large revenue, would be evident from the figures of the import of the last few years, which have not averaged more than Rs. 2 crores in value. India never imported large quantities of wheat except in 1929 from Australia, when a serious local draught in the Punjab and U. P. sent up local prices and created a demand. Foreign imported wheat was used largely for milling at the principal ports for local consumption as well as for export. The big distances in India involving heavy freight rates, render the consumption of Indian wheat at the ports not always economic. This imposition was, it is understood, due to the powerful political influences and was justified on the ground of encouragement of agriculture. Duties in the interests of agriculture had hitherto been put on articles like sugar only. Whatever the political implication may be, economically it would be harmful to India, as it would render the task of the Indian miller in the neutral markets of Egypt, Persian Gulf and Arabian Gulf ports much more serious. The immediate result was to make bread at the ports dearer.

The Government of India failed once more to secure the much needed relief to their revenues and at the same time check the export of Indian capital abroad by ultimately not passing the measure, which was proposed at the time of the budget, for taxing income on investments abroad. The public feeling was that, such a tax would be equitable, and the necessity for it was felt in view of the very large figures of the export of Indian capital—all of them estimates only—which were mentioned. It was stated that no less than Rs. 50 crores of Indian money had sought investment abroad in 1930 either on account of the disturbed political condition of the country, or on account of the expectation that the Indian exchange would break down and the money would be brought back at a profit, or it may be to escape the Indian income tax, whose scale was being revised from year to year in an upward direction.

The revenue returns for the few months after the budget proved that the law of diminishing returns was operating; actual collections fell considerably short of the estimate. The Finance Member, Sir George Schuster, had, when presenting the budget, uttered a warning to the country that although the estimates were on sound lines, all calculation might be upset if internal disturbances continued and conditions showed any signs of deterioration, in which case it might become necessary to take interim measures to avoid a deficit at the end of the year. By the close of August the situation had become grave and the country's credit was in jeopardy. His Excellency the Viceroy, addressing the two Houses of the Legislature on 14th September, stated that there had been a further deterioration in the price of India's prime commodities and emphasised the necessity of devising means to weather the unprecedented economic storm which was disturbing India in common with the rest of the world. He foreshadowed fresh Government action. Within a week of His Excellency the Viceroy's statement Great Britain abandoned the gold standard. This was followed by similar action in this country. The rupee was linked to the pound sterling and its relation thereto at 18*d.* was maintained.

On 30th September, Sir George Schuster introduced the Supplementary Finance Bill embodying various measures to restore equilibrium between revenue and expenditure. He pointed out that the trend of revenue collections in the past few months showed that there would be a deficit of about Rs. 19.55 crores at the end of the current financial year, excluding Rs. 14 crores provided for by fresh taxation in March last. He further stated that as no large improvement could be expected in the budgetary position of 1932-33, a deficit of Rs. 19.50 crores would have to be provided for, thus making a total shortage for this and the next year of about Rs. 39.05 crores. To meet this colossal deficit Government's contemplated action fell under three distinct heads :—(1) Reduction in expenditure due to more economical organisation of Government departments and restriction of activities, (2) emergency cuts in salaries and (3) fresh taxation. Fresh proposals for taxation were received with a resentment, as it was generally felt that the proposed retrenchment was not adequate to meet the huge gap between revenue and expenditure. It is hoped, however, that further substantial cuts may be made now that the reports of the various retrenchment committees are before Government. It is a sound principle to have a balanced budget, but the most equitable way of achieving this objective is by a cut in expenditure rather

than by ever increasing taxation. Although many of the proposals embodied in the Supplementary Finance Bill came into operation immediately, *i.e.*, on 1st October 1931, the bill was presented to a special session of the Legislature on November 4th. In the course of the debate on the bill, several items were rejected by the Assembly, including the duty on machinery, increase in postal rates and reduction of taxable income to Rs. 1,000. His Excellency the Viceroy, however, recommended the reconsideration of the Bill in its original form by the Assembly, but it was rejected. The whole Finance Bill was then presented to the Council of State and became effective with the final assent of His Excellency the Viceroy.

One good feature of an otherwise bad budget was the duty of half an anna per lb. imposed on imported raw cotton. This was suggested at the time of the General Budget in March, but was then found unacceptable to Government. It is a matter for gratification that Government have at last tapped this useful source of revenue. It may, however, be pointed out that a specific duty of half an anna per lb. is insufficient, since it does not bring the desired revenue to Government nor does it give sufficient protection to the agriculturist. It cannot achieve its purpose, especially when the price of cotton is above a level prevailing when the duty was imposed. In the interests of the country as a whole and particularly in those of the cotton cultivator Government should fix an alternative duty, specific or *ad valorem*, assessing the import duty on whichever is higher. This basis of taxation already applies to a number of articles, of which cotton textiles may be cited as an example.

Government's Ways and Means position deteriorated along with budgetary finances. Home remittance programme was strained almost to breaking point until relief suddenly came by a change in the currency position of the country following the suspension of the gold standard in Great Britain on 21st September.

The flight of capital from India continued with a marked lack of confidence in rupee securities, and the agitation against the 18*d.* ratio was unabated. Despite repeated assurance by the Government of India, the Secretary of State and the Prime Minister, the rupee sterling quotation failed to improve. The Prime Minister announced in the House of Commons in the first week of July that the British Government would render financial assistance to India, if need be, to maintain her credit. The exchange rate nevertheless remained persistently at the lower point until the change in the currency system occurred, when the position was completely reversed.

Government used all orthodox methods in the field of finance to maintain the stability of exchange, and although at times these appeared to cause hardship and were criticised by a certain section of the business community, they proved in the long run best and soundest. Sir George Schuster even issued what was really a challenge to the Federation of Indian Merchants' Chamber at their meeting in the third week of April to suggest any other practical methods of maintaining stability which would be more effective and less expensive to the country. A large contraction of currency was made and Treasury bills were issued throughout the year at attractive rates

to keep a hold on the money market. The Imperial Bank of India rate was maintained at a comparatively high level, the average for the year being 7.046 per cent. as compared with 5.887 per cent. for the previous year. Treasury bills, which stood at about Rs. 53.62 crores at the beginning of the year, had swollen to the large figure of Rs. 84.53 crores by the 10th September. A new loan at the high rate of 6½ per cent. to the extent of about Rs. 16 crores was raised, out of which Rs. 7½ crores were utilised to meet the maturing 1931 bonds. On several occasions the Imperial Bank of India was approached for temporary advances for Ways and Means. The total contraction during the same period amounted to over Rs. 37 crores. Government were not only unable to buy sterling in the open market, but had to sell over £14 millions during this period. To meet Home charges £10,000,000 were borrowed by issuing a 6 per cent. Loan in London repayable 1933-34 and £9 millions were transferred from the Paper Currency Reserve up to the end of September.

A sudden change occurred at this juncture. Great Britain was obliged owing to heavy inroads into her gold resources to abandon the gold standard. Immediately following this, the Governor-General issued an Ordinance on September 21st temporarily relieving the Government of India from the obligation under the Currency Act of 1927 to sell sterling or gold. The Ordinance created a feeling of great uncertainty and the Banks were kept closed for three days, 22nd to 24th September. The position, however, was made clear immediately by the Secretary of State for India, Sir Samuel Hoare, who in a statement before the Federal Structure Committee of the Round Table Conference said that the rupee was to remain linked to sterling. Following his announcement confidence was restored and a second Ordinance was issued on the 24th whereby Government resumed the obligation to sell gold or sterling but with some restrictions. The Ordinance provided that sales of gold or sterling by Government would be made for financing (1) normal trade requirements excluding the import of gold or silver coin or bullion, (2) contracts completed before 21st September, 1931, (3) reasonable, personal or domestic purposes. It was also provided that Government would not sell gold or sterling to liquidate the oversold exchange position of any Bank in respect of any month subsequent to the month in which the demand for gold or sterling was made. The demand for gold and sterling was to be made at the local Head Offices of the Imperial Bank of India in Calcutta and Bombay for an amount not less than £25,000 in value by recognised banks only. The transactions are subject to the scrutiny of the Managing Governor of the Imperial Bank of India.

Although the future course of the rupee was made quite clear by the Ordinance, the latter measure did not specify whether Government should buy sterling at the upper sterling point. Apart from this technical deficiency, which was criticised by some, a certain section even resented the linking of the rupee to sterling. They wanted the rupee to be cut from its moorings entirely and to be allowed to drift. There were obvious objections to this course, and Sir Samuel Hoare explained the reasons that led to the decisions to maintain Indian currency on a sterling basis. He pointed out that for all practical purposes the stability of Indian Exchange was based on sterling and Indian trade, both import and export, was financed through sterling bills. He further stated that the greater part of India's external obligations was in sterling.

Within the country itself practical financiers and business men felt convinced—and they were proved to be right by subsequent events—that India's favourable balance of trade was likely to improve under the revised standard. They considered it would be disastrous to tie the rupee to the gold dollar, or to leave it to violent fluctuations, paralysing all normal and legitimate business. It was anticipated that applications for the purchase of sterling from Government would almost immediately cease, since the tendency would be to keep away from the depreciated and fluctuating pound sterling.

Actually within a fortnight of this date sales of sterling by Government ceased. Government on the other hand bought large quantities of sterling from the market weekly during the remainder of the year. The nightmare of reverse councils disappeared, and the necessity of using gold or sterling reserves to meet India's foreign obligations, which seemed imminent a couple of months previously, was completely obviated. It is now hoped that in time a sufficient amount of foreign assets will be accumulated to start the Indian Reserve Bank, the formation of which is unanimously desired by everybody.

The suspension of the gold standard in Great Britain, operating in conjunction with the economic situation, produced the remarkable phenomenon of a strong export of gold from India. This had such powerful repercussions, both on the finances of India and on the money markets of the world, that it demands more than passing attention.

From time immemorial India has been a great absorber of the precious metals. Coming down to our own times, there has been a steady inflow into the country. For many years imports of silver predominated, but first the marked fluctuations in the price of silver, and then a rise in commodity prices which demanded a more convenient "store of value" than silver, turned attention to gold. Various estimates have been made as to the total gold resources of the country; they have been placed as high as £750 millions. Taking the period for which we have actual figures, the net visible imports of gold since 1900 are approximately Rs. 510 crores (about £382 million at 1*s.* 6*d.* sterling), to which must be added a proportion of the produce of the Indian mines, and a certain infiltration. This gold came into the country and disappeared; there were no signs of its coming out. For this reason India was sometimes called, by countries hungry for gold, a "sink of the precious metals"—a view which was vigorously combated by those acquainted with conditions in the country.

Whence came this gold, and what became of it after absorption? It arrived in the form of gold bars, and was distributed in various forms. In a country like India, where the banking habit is not universally developed, and a legacy of distrust from its history remains, very large numbers of people keep their floating balance, or in other words, their "store of value" in gold and silver. They cannot bank it; they fear to invest in securities because of the difficulty in realisation; notes are perishable things especially in many simple Indian homes. In the case of the more wealthy, the gold was stored in bars. In the case of the poorer, in the shape of ornaments. There it remained, inert, unfructuous, but a reserve against the time of emergency.

The tremendous fall in commodity prices hit the Indian cultivator hard. The rupee equivalent of his produce was greatly reduced, whilst at the same time his obligations in the form of land revenue, rent, interest on debts, etc., remained fixed in terms of rupees. This brought a certain amount of "distress gold" into the market, a total of Rs. 10 crores in value being tendered to Government at the statutory price of Rs. 21-3-10, in addition to Rs. 180 lacs shipped abroad. But the break between sterling and gold, with the resultant depreciation of the rupee in terms of gold, induced a regular trade in this hidden store. The gross profit on sale was in the neighbourhood of thirty per cent, and many holders were quick to take advantage of the opportunity. A regular export business in gold began, the raw metal being despatched to Bombay in the form of bars and ornaments, where it was refined and shipped to the bullion markets of the world. The total exports to the end of the year were Rs. 37.43 crores, or 7 per cent of the net imports since 1900.

The full effects of this movement were not seen until early in 1932, but for convenience they may be indicated here. Students of Indian finance are well aware that there are two sides to the Indian Budget, the ordinary revenue and expenditure account, and the Ways, and Means section—the obligations of the Government of India in sterling to meet pay and pensions the purchase of materials, and interest on and discharge of sterling debt. Often the Ways and Means problem is more serious than the revenue account, and that was particularly the case during the year. Owing to the stagnant state of the export trade, aggravated by the low price of commodities, the Government had considerable difficulty in meeting its sterling obligations; indeed it had to sell Reverse Councils in order to maintain exchange at the statutory figure. The export of gold transformed the situation. It placed the Government of India in command of such ample resources in sterling that it was able to meet its obligations with ease, and in addition to discharge in full the £15 million 5½ per cent sterling loan which matured on the 15th January 1932 with an immediate and beneficial rise in all India Sterling Stocks. Its reflex action on the financial markets of the world was considerable, amounting as it did in some weeks to an addition to the visible supplies of gold equal to three times the normal output of the South African mines.

Amongst some who have not studied the true use of gold, namely as a liquid reserve to meet special emergencies, this trade inspired the demand that the export should be prohibited by Government. The proposal was thoroughly arbitrary. This gold had been put down as a commodity; it would have been arbitrary in the extreme if its movement as a commodity had been prevented when a profit was offered to the purchaser. Moreover, such critics did not realise that the shipment of this gold was the mobilisation of a "frozen" credit. Tangible evidence of its operation was apparent in the discharge of £15 million of external debt, with the reduction of interest charges thereon. Further, these sales of gold added an equivalent amount in internal currency to the floating assets of the country, which was put to profitable use. It may be argued that there is a point beyond which the export of gold is unwise, but that point has not been reached when the total shipments are no more than seven per cent of the comparatively recent acquisitions. Before it is reached, the trade will shrink from natural forces, and at any rate the country need not cross that bridge until it comes to it.

These exports of gold resulted in heavy sales of sterling to the banks, and in view of restricted imports and the cessation of the flow of capital from India, Government were regarded as the only source of cover. Government invited tenders for the purchase of £500,000 sterling in the last week of October, the amount being raised to £750,000 in the following week and to a million the week after. Applications were so large that only a small proportion was allotted, and Government fixed the tap rate, which was usually $\frac{1}{32}d.$ higher than the tender allotment rate. Sterling was bought by Government almost daily. Within two months up to the end of the year, Government bought over £19 million sterling and they were not only able completely to wipe out the sales of sterling made by them during the year, but there was a small balance left over to augment Home remittances. It is anticipated that Government will be able to buy further large amounts of sterling during the remainder of the financial year.

In view of the happy change in the exchange situation, Government expanded currency to meet the excess of Treasury Bill maturities over renewals and also for the payment of sterling purchases. The outstanding Treasury Bills, which amounted to the large figure of about Rs. 84½ crores in September, were reduced to Rs. 60.21 crores at the end of the year. A total expansion was made against "ad hoc" securities amounting to about Rs. 44 crores. While Treasury Bills in the hands of the public decreased, they expanded in the Paper Currency Department, a situation very desirable and likely to help the Ways and Means position.

The proposal for the formation of a Reserve Bank for India received attention from the public as well as from Government. In reply to a question in the Legislative Assembly on the 28th January the Hon. Sir George Schuster stated that the inauguration of a Reserve Bank was one of the most important questions before the country. He, however, pointed out that some political issues were involved as, for example, the provision of an adequate reserve. But he assured the House that the Government of India would do all in their power to assist the early formation of a Reserve Bank. Even at the Round Table Conference in London it was pointed out that the establishment of a Reserve Bank, free from political control, was a pre-requisite and necessary safeguard for the concentration of control over currency and credit in one body. The report of the Central Banking Enquiry Committee, which was released in mid-September, also pointed to the necessity for the early formation of a Reserve Bank. It is to be hoped that when the next constitutional reforms are introduced in India, a Reserve Bank on sound lines will be simultaneously created.

At the beginning of the year, Sir Arthur Salter, Director of the Economic and Financial section of the Secretariat of the League of Nations, was invited by the Government of India to investigate the economic organisation of the country and to suggest necessary changes. He submitted his report early in June, and in it he recommended the formation of an Economic Advisory Organisation, Central and Provincial, with the object of securing expert as well as representative advice to Government. The whole of the organisation proposed is advisory and predominantly unofficial, but Sir Arthur urged that Government should not only "take immediate and serious note of the recommendation, but also put at their disposal official machinery which

will enable them to take the required action quickly." Unfortunately the report came at a time when the Government, on account of financial stringency, were not in a position to take any immediate action upon it. Conditions, however, show signs of improvement, and it is sincerely hoped that Government will give this expert report the attention it deserves as early as possible.

The Royal Commission on Labour and the Central Banking Enquiry Committee, which started their work in 1929, concluded their deliberations this year and their reports were published in July and September respectively. Both the reports contained a volume of useful information and many of the recommendations merit close attention which cannot be given them at present, since Government and the country are involved in domestic and foreign upheavals. So long as Government's finances suffer as they have been doing, little action can be expected upon the recommendations of the two reports.

Happily for the country, there were no serious labour troubles in its important industries. There was no interference due to political influence as was the case last year. Heavy import duties were levied all round, but despite this industry has not made much progress. The main reason is the low purchasing power of the people due to a further fall in the price of India's staple products in the first 8 or 9 months of the year, coupled with reduced foreign demand. Despite these factors, and a widespread movement for use of " Swadeshi " (Home made cloth), the cotton mill industry, particularly in Bombay, showed few encouraging results. Hopes were centered in the Merger Scheme set on foot by one of the largest mill-owners in Bombay ; unfortunately, in April it was definitely announced that it had not materialised. The Share Market and the investing public were naturally disappointed at this failure, and it is indeed a pity that the scheme was not brought to fruition. The cotton mill industry of Bombay is in urgent need of reorganisation effectively to meet internal as well as external competition. The high protective duty of 25 per cent should more than suffice to counteract competition from abroad and if the industry cannot make headway now it has itself to blame. So long as the expensive and obsolete Managing Agency system is not uprooted, the industry is bound to suffer.

In the jute industry, although the prices of the raw material showed a definite improvement, particularly in the last quarter of the year, and production was curtailed by about 45 per cent. the industry has only partially recovered. Foreign demand still remains very low and so long as world trade depression continues, this industry cannot be expected to make real headway. But with the monopoly that it enjoys and the efficient and the sound manner in which it is managed, it may confidently be expected that with the return of normal times the industry will be the first to regain its former position.

The steel industry suffered from reduced prices owing to foreign competition and a drastic cut in the construction programme of the Indian Railways and other large bodies. As the industry is sufficiently protected by high tariff walls, a revival can be expected when general trade conditions improve.

Politically the year was less disturbed. The Civil Disobedience Movement died down and there was a reversion to constitutional methods of political advance. Long discussions between His Excellency the Viceroy and Mr. Gandhi led to what is called the "Irwin-Gandhi Pact," covering

the whole political field. In accordance with this the Civil Disobedience Movement was called off, and the Indian National Congress agreed to participate in the resumed sittings of the Round Table Conference in London, where the details of the new Indian Constitution were to be hammered out. These sittings recommenced on the 12th September, and were continued until towards the close of the year, Mr. Gandhi being the sole representative of the Congress. Despite the differences which were bound to develop in regard to a problem of such magnitude, real progress was made. The ideal of an All-India Federation, embracing the British Provinces and the Indian States in one whole, was firmly adhered to, this Federation resting on the British Provinces raised for all practical purposes to the position of constituent States, with responsible and autonomous administrations, and the Indian States sovereign and autonomous as of right. Unfortunately the communal issue—the adequate representation of the great minorities like the Moslems, the Europeans, the Sikhs and the Depressed classes—remained intractable; indeed the line of demarcation grew more marked until these minorities entered into a mutual pact embodying what they described as their minimum demands. However, the work of the Conference went on despite this impasse, and conversations for a settlement by consent are to be resumed in India. The Conference adjourned in the first week of December; the Premier at the close reiterated the promise made at the conclusion of the first Conference in January 1930, thus committing the National Government on whose behalf he now spoke, to the policy of an All-India Federation adopted by the Labour Government. The work of the Conference is to be continued in India by three small Committees which will investigate problems connected with Franchise, Federal Finance and Indian States. The personnel of the British representatives on these Committees has already been announced and it is expected that they will commence work in February. It is hoped that the Committees will come to some definite conclusions and that early steps will be taken by the British Government to introduce a bill in Parliament embodying constitutional reforms granting Dominion Status, with safeguards, to India.

Money.—The money market was characterised by a comparatively higher rate of interest throughout the year. The Imperial Bank of India rate did not fall below 6 per cent. and stood at 7 per cent. for 180 days and at 8 per cent for 101 days. In August, when the usual tendency is to reduce the Imperial Bank rate of interest, it was actually raised from 6 per cent. to 7 per cent. on the 6th. This move was without precedent. Never during the last 30 years had the Bank rate been raised at this time of the year and to a 7 per cent. level. However, the cash balance of the Bank was much lower than last year; during the last quarter it was maintained between 8 and 10 crores of rupees. The interbank call money rate also remained fairly high and was only for a short time divorced from the Bank rate, being about $3\frac{1}{4}$ to $3\frac{1}{2}$ per cent., thus leaving a gap of 4 per cent. to $4\frac{1}{2}$ per cent. It may be pointed out that in past years call money was unlendable even at about $1\frac{1}{2}$ per cent. during the slack season, while this year the rate was not quoted much under $3\frac{1}{2}$ per cent.

The stringency in the money market was not occasioned by genuine trade conditions or by any rise in commodity prices, both of which actually declined under last year's levels during the first 8 or 9 months. The price of wheat (Khandwa), which stood at Rs. 54 per candy at the

beginning of the year declined to Rs. 40 during October, but slightly improved to Rs. 47-8 in November. Broach Cotton, which was quoted at Rs. 193 in January, dropped to 139 in October 1931. The causes accounting for the steady money rates were the issue of Treasury Bills at comparatively high yields and large contractions of currency. These in their turn were necessary to control the credit situation in the country and to protect India's gold reserves, which were threatened with extinction; in fact the gold reserves in the Paper Currency Department, which stood at about Rs. 31.74 crores at the opening of the year, were reduced to about 4.20 crores at the end of September. Although the outstanding Treasury Bills reached the alarming figure of about Rs. 84½ crores in September, very little of the money had been used for financing capital or other expenditure. Since 1927 the currency had been contracted by about Rs. 48¼ crores against rupee securities. Part of the contraction was required to offset the expansion caused by the incessant flow of rupee coins to the Treasury. About Rs. 12½ crores were utilised for meeting the deficit in the 1930-31 budget, and that was added to the debt of India.

After the suspension of the gold standard in Great Britain and India further restrictions were put on credit by the authorities. This caused a nervous feeling at the outset, but the market worked out its own salvation by not renewing treasury bills as these fell due. Following these momentous changes, inroads on the gold reserves of India ceased and Government relaxed their control on the money market. In fact currency was expanded to the extent of nearly 44 crores and the floating debt reduced to Rs. 60.21 crores. But despite this large expansion money rates did not show any relaxation, since large exports of gold necessitated considerable finance. Furthermore, the commodity export season was approaching and banks were providing funds to meet their requirements. Credit was, however, more freely available.

Since Government are now in a much happier position as regards their Ways and Means position, it may be expected that money rates will become relatively cheaper in the coming year. The position of the Currency Department has also happily changed. Not only did the influx of rupee coins cease, but large withdrawals were made during the last quarter of the year. Silver coin and bullion reserves, which stood at the high figure of Rs. 132½ crores at the end of September, were reduced to about Rs. 123 crores at the end of the year. The flight from the rupee has also been arrested, and this will help to augment the liquid resources of the money market.

Gilt-edged Securities.—The gilt-edged market continued its downward tendency, barring spasms of sharp rallies. The reasons were almost the same as those which operated last year, chief among them being (1) the uncertain political situation in the country, (2) continued sale of Treasury Bills at high rates of interest, (3) defects in the Income Tax Act which still remain unrectified, affording undue advantage to investments in foreign countries and (4) the ever increasing taxes on income. In the first two months the market was unsettled owing to political tension. Investors kept out pending the budget announcement, which was expectedto contain proposals for a heavy increase in taxes on income. Whatever surplus funds were available, they were directed into Treasury Bills. 3½ per cent Paper, which opened at Rs. 63/8 declined to as low as Rs. 61/7, and 5 per cent. 1945-55 Loan was quoted at a slight discount. At this juncture the political truce was signed and confidence was restored for the time being. 3½ per cent. Paper improved

about 3 points to Rs. 64, 1945-55 Loan rose to Rs. 101-8 and all other scrips saw a fractional advance. The rise was, however, arrested owing to weak advices from London and 3½ per cent. paper declined to Rs. 61/15 and 1945-55 Loan to Rs. 100/15 by the end of March. During April and the first three weeks of May the market remained lethargic with a restricted turnover and slight price variations. On the 20th May, Government issued a communique announcing the flotation of a sterling loan, the first having been issued in early February for £12 millions at 5½ per cent. The new loan bore 6 per cent. interest and was repayable on 15th December 1934, if not redeemed previously on 15th December 1933. The effect of this announcement was a fall in the local security market. The price of 3½ per cent. Paper declined to Rs. 61-11-6 and that of 5 per cent. 1945-55 Loan to Rs. 100-14. Although the 6 per cent. rate of interest seemed rather high, calculated on the basis of the international standard of money rates, the Government of India could not expect to raise money under this level and it was doubted if subscriptions for the full amount would be received particularly in view of the fact that the sterling loan issued in February was quoted at £2 below the issue price. Government had also to bear in mind the maturing of £15 millions 5½ per cent. stock in January, 1932, and it would have been inexpedient to risk a failure of the new loan by offering a slightly lower rate of interest, which would have had an adverse effect on future issues.

The fears entertained about the new loan were justified by the result. 62 per cent. was left with the underwriters and the loan was immediately quoted at a discount of 1⅜ per cent. This was a clear reflection of the nervous feeling of British investors regarding India's credit, which had been largely undermined by the political situation in the country. The market developed extreme weakness and India sterling stocks fell sharply, 3½ per cent. losing as much as £7 to £53. The discount on the new 6 per cent. Bonds rose to 2 per cent. and in the local market, 3½ per cent. Paper declined to Rs. 59-12 and 5 per cent. 1945-55 Loan lost over a rupee to Rs. 99-13. The downward tendency continued, and even short-term bonds lost favour with the investing public though the yield on these was as much as 6¼ per cent. At this juncture the Premier gave an assurance of financial assistance to India if need be to maintain her credit. This coincided with the announcement of one year's moratorium of war debts by President Hoover and there was a healthy reaction in the market. The tone, however, remained erratic and hesitant as is usual at this time of the year owing to the impending announcement of the new rupee loan. 3½ per cent. Paper improved to Rs. 60-10 and 1945-55 loan touched Rs. 100-12. By this time the economic situation in Great Britain and elsewhere in Europe was becoming serious and the rise manifest in the past fortnight could not be sustained. The Bank rate was raised to 4½ per cent. in England within a fortnight, and the Imperial Bank of India rate to 7 per cent. effective 6th August. Prices of gilt-edged stocks eased and long-term loans were particularly weak. 3½ per cent. Paper declined to the low level of Rs. 56-13 by the end of August. On 1st September, the Government of India announced the long awaited issue of a new rupee loan. The subscriptions were to commence from 15th September and were to remain open until further notice. The issue was in the form of treasury bonds repayable at par in 1935, bearing interest at 6½ per cent. less income-tax. The bonds were for unlimited amounts, but the price increased by 2 annas per cent. every week after the 19th September. The loan could be purchased by offering 1931 bonds

or by cash or cheque. Treasury bills were also accepted on or after the day on which they fell due at their face value in lieu of cash. The bonds could be bought through the Post Office, and if they were deposited in the custody of the Post Office they were to be free of income-tax, the maximum amount in any one individual's name being limited to Rs. 20,000. The sale of these bonds was suspended on 12th December and the total sales aggregated about Rs. 16½ crores. The reasons for paying 6½ per cent. rate of interest were the same as those which guided the issue of the 6 per cent. sterling loan. Prices in the local market, particularly those of long-term loans, weakened.

3½ per cent. Paper fell to Rs. 56-1 on 4th September and 1945-55 Loan to Rs. 98-14. The weak tendency continued and was further aggravated by the abandonment of the gold standard in Great Britain and in India. Sellers predominated in all issues, 3½ per cent. Paper dropping to Rs. 51-8, 5 per cent. 1945-55 Loan to Rs. 97-4 and 6 per cent. 1933-36 Bonds, issued last year, to Rs. 97. Speculation in 3½ per cent. Paper became so rampant that the Board of Directors of the Bombay Stock Exchange decided as an emergency measure to close all forward dealings in securities from the 16th October settlement. This announcement induced bear covering, and the price of 3½ per cent. Paper rose to Rs. 53-4. At this stage the Government of India announced their intention to introduce a Supplementary Finance Bill, which included a surcharge of 12½ per cent. this year and 25 per cent. next fiscal year on the existing taxes on income. This naturally occasioned a fall in the security market. 3½ per cent. Paper touched Rs. 50-9 by mid-October, recovering slightly on bear covering to Rs. 51.

The results of the General Election in the United Kingdom were announced at this time and the return of the National Government to power with a preponderating majority created confidence. There was a sharp rise in India sterling stocks, followed by an upward movement in the local security market. A buoyant tone prevailed for some time, 3½ per cent. Paper and 5 per cent. 1945-55 Loan improving as much as 4 to 5 points by the beginning of November. The former was quoted at Rs. 55-6 and the latter at Rs. 94-10. Investment demand nevertheless continued restricted owing to the Government's proposed income tax levy and the uncertainty of the political situation.

Rates were maintained till the end of November when, owing to the absence of buyers, a sagging tendency set in and the entire gain in prices made since the return of the National Government in Great Britain was lost. 3½ per cent. Paper fell to Rs. 51-8 and 5 per cent. 1945-55 Loan to Rs. 90-12 at the close of the year.

Throughout the year the security market remained weak and the sales could be effected only at a heavy sacrifice. Even short-term bonds found no supporters although their yield constantly increased, at the end amounting to as much as 7 per cent. Investors were naturally shy owing to the fact that Government heavily increased taxes on income earned in India against the unanimous opinion of those who really lend them the money. Moreover, India's internal political situation and financial conditions all over the world were far from encouraging. In addition, Government did not support the security market at a time when prices were falling by adopting an open market policy and thereby creating confidence among investors. The bill to tax incomes earned abroad

was still in abeyance, and the ensuing advantage to the Indian investor in foreign countries is easily perceived from the following :—An investment of Rs. 10 lacs at 6 per cent. interest is liable to pay in India income-tax and super-tax to the extent of about Rs. 12,300, which can easily be saved by placing funds and the income derived from them abroad for three years. So long as these conditions persist and Government do not give an assurance that taxes on incomes will be lowered instead of raised, at an early opportunity, a revival in the security market is impossible. Indeed this is the one dark spot in Government finance, which has otherwise improved.

Sterling Exchange.—The agitation against the 18 pence ratio was very strong in the early part of the year and the Government of India and the Secretary of State had to give assurances on several occasions that the ratio would be maintained at all costs. Talk of a change in the ratio was encouraged by the fact that Government finances were in a bad plight owing to the slump in trade and the fall in commodity prices, and their resources wherewith to maintain the ratio were getting lean.

The year opened with the ready T.T. rate quoted at the gold export point, *viz.*, 1*s.* 5-49/64*d.*, while forward deliveries were weak, T. T. March finding buyers at 1*s.* 5$\frac{5}{8}$*d.* The export trade was very slack and transactions in exchange were largely in connection with investment in Treasury Bills on foreign account. Operations were of a " budla " character, involving sales of ready T. T. against three or six months' forward purchases. On the import side of trade there was some enquiry for remittances on silver account, which, however, was partially offset by the export of gold from India to London for exchange purposes. Government had, in fact, to sell £30,000 sterling in the first week of January.

As money became tight after mid-January, owing partly to the movement of jute and rice and partly to purchases of Treasury Bills, there was a slight improvement in exchange rates, with no buyers of ready T. T. at 1*s.* 5-25/32*d.* at the end of the month. Forward deliveries were also quoted 1/32*d.* better. Government, however, sold sterling to the tune of £2,237,495 during January. The steadiness could not be maintained as the time for presenting the General Budget approached. Since a section of the market believed strongly that a change in the ratio was imminent, speculative purchases were made for forward deliveries, but their volume was restricted as banks were not prepared to sell without cover, which was seriously deficient. At this stage, Mr. Wedgewood Benn, the then Secretary of State, made a statement in the House of Commons that " Government regard the rupee ratio question as settled in 1927, when the Indian Legislature passed the Currency Act whereby the rupee was rated at 1*s.* 6*d.* gold. The Government will use all the means in their power to maintain this rate in accordance with their statutory obligations ".

This statement created some confidence since it came from the final authority on Indian questions. The Finance Member also made it quite clear while presenting the General Budget on 28th February that a change in the rupee ratio was an impossibility. As a result, speculators began to liquidate their overbought position and those who had held back their export bills pending the Budget hurriedly placed them on the market. Foreign investors who had shown less interest in Indian Treasury Bills since the beginning of the year renewed their operations, involving large sales

of ready T. T. against forward purchases. The exchange quotation advanced to 1/5-27/32*d.* for sellers and 1/5-7/8*d.* for buyers. Sales by Government during the month of February amounted to only £1,164,900, while during March there were practically no sales.

April and May were dull months in the Exchange market, the quotations remaining almost stationary at 1/5-13/16*d.* for sellers and 1/5-7/8*d.* for buyers of ready T. T. The export and import trade was very slack and the only factors of strength were the increased confidence and the stringent money rates caused by large investments in Treasury Bills. While sales of sterling by Government had completely ceased, no purchases were made for remittance to the Home Treasury, and Government accordingly transferred £3 million on 12th May and a like amount on 26th from the Gold Standard Reserve to the Secretary of State. By early June the tone of exchange became quiet once again and rates eased to a level where Government had to renew sales of sterling. During the last two weeks in June about £2,591,825 sterling was sold by Government, the amount being met by transfer from the Gold Standard Reserve in England by ear-marking equivalent gold from the Paper Currency Reserve for account of the Gold Standard Reserve in India. In early July the Prime Minister made his announcement in the House of Commons assuring financial assistance to India if need be, and this had the desired effect of steadying the rupee sterling exchange. Though trade conditions were unchanged the rate improved to 1/5-13/16*d.* for sellers of ready T. T. The sales by Government during this month amounted to only £205,000. £2½ million, however, were transferred to the Home Treasury on 18th July to meet the Secretary of State's requirements, the total transfers from the Gold Standard Reserve from 1st April to this date amounting to £12,205,504 of which £3,205,504 were utilised for sales of sterling. By the end of July the situation had completely altered. The economic situation on the Continent and Great Britain had become very grave and investment in Indian Treasury Bills on foreign account not only completely ceased, but there was a definite repatriation of funds already invested. Exchange weakened and Government had to sell on a large scale, £4,010,200 being sold in August. Conditions assumed so serious an aspect that it was generally felt that unless the Government of India changed its existing policy in regard to sales of silver, etc., the lower gold point would be in jeopardy. Statements were made in both Houses of the Legislature by His Excellency the Viceroy, by the Hon'ble Sir George Schuster, the Finance Member, and Mr. H. Denning, the Finance Secretary, reassuring the country that Government would use all the resources at its command to maintain the value of the rupee at its existing level. But little effect was noticed in the rates, and in the first three weeks of September, Government sold sterling to the tune of £6,457,000. A marked change followed the suspension of the Gold Standard in Great Britain on 21st September. The Viceroy issued Ordinances relieving the Government of the obligation to sell gold or sterling at its statutory price, and linking the rupee to sterling. Several restrictions were put on exchange operations, details of which are to be found in another part of the report.

The restriction put on the import of bullion through Government relieving itself of the obligation to supply sterling in connection with the bullion trade does not seem equitable, particularly in the case of silver. The restriction could be justified if Government sold their surplus stocks of silver in India instead of in foreign markets, as they have done hitherto. Conditions have improved

for the better since Government took their decision and it is hoped that their policy will be changed in the light of the new circumstances.

The depreciation of the pound discouraged remittances into that currency, with the result that the sterling value of the rupee began to improve. Large exports of gold followed this change, leading to heavy sales of sterling by the market. By the end of October the sterling quotation reached 1/6-1/8*d.* for sellers and 1/6-3/16*d.* for buyers. Government now invited tenders for the purchase of sterling and in the first week of November bought £500,000 at 1/6-3/32*d.* A tap rate of 1/6-1/8*d.* was fixed for purchases during the week. £750,000 was bought by tender at 1/6-1/8*d.* the following week and the amount was raised to one million sterling in the third week.

As sterling depreciated in terms of gold currencies, the sterling price of gold began to rise. Every improvement brought more sellers, resulting in heavy exports of the metal abroad. This in its turn firmed the rate for rupee sterling exchange, which was maintained at 1/6-1/8*d.* to 1/6-3/16*d.* up to the end of the year and larger sales were made to Government. Since their first purchase in early November up to the close of the year, Government bought over £19 million sterling from the open market. Thus not only did they completely wipe out their sales of sterling, but had over £5 million left over to meet the usual home requirements.

The total amount of Home charges budgeted for the year 1931-32 is £33-1/3 millions and although only £19,812,000 have been so far remitted through the open market, there is no doubt Government will be able to buy further amounts of sterling in the coming months. Government's requirements, however, are not limited to the amount of Home Charges for the year; they have other heavy commitments to liquidate. Government transferred £9 millions from the Paper Currency Reserve to meet the Secretary of State's requirements; this remains to be made good. Moreover, £15 million 5½ per cent. Sterling loan is due for payment in January, 1932. The short-term sterling loans due for repayment up to 1938 aggregate the large figure of £52 million, while it must also be borne in mind that Home Charges amount to £32 million annually.

In view of these facts it is generally felt that Government will buy sterling as freely as they can, and the fear in some quarters that they will force the rupee up to 1/6 gold is regarded as groundless. For the coming year the position of Government with regard to their remittances is viewed favourably.

Gold.—It was only after the suspension of the gold standard in Great Britain and the decision of the Government of India to link the rupee to sterling that interest and activity were aroused in the local gold market. The larger interests of the country, in common with those of the world, had, however, been considerably affected by the problem of gold since the beginning of the year.

Distress in the country was so acute owing to the serious fall in the price of India's staple agricultural products that not only did the usual import of the metal cease, but a large amount of "distress" gold arrived continually from upcountry centres for disposal at ports, particularly in Bombay. Bombay was preferred to other ports firstly because of the unique position the City enjoys in owning the only electrolytic refinery in India, and secondly because of the existing

arrangement by which the Government of India accept gold at its statutory buying price at the Bombay Mint. Bombay is also the nearest port to London.

The price of gold at the opening was quoted at Rs. 21-4-6 per tola, being only 8 pies above Government's buying rate, and this despite the fact that rupee sterling exchange stood almost at the lower gold point. The reasons for so anomalous situation have already been explained. Some of the local banks found gold a good thing to buy at this low rate as a cover against sales of sterling, and actually Rs. 22.61 lacs of the metal was shipped abroad in mid-January. The price temporarily rose to Rs. 21-6-9, but as the supply from upcountry was almost continuous, augmenting stocks in the market to 3 lacs tolas, and the banks ceased to buy at the high rate, the price slipped back to Rs. 21-5-0 per tola by the end of the month. February witnessed, as usual, wide changes in quotations owing to the accustomed uncertainty regarding the General Budget. The turnover was large, particularly in the first half of the month, and prices rose sharply, ready being quoted as high as Rs. 21-8-0 and one to two months forward delivery at Rs. 21-12-0 per tola. The offtake for trade purposes showed little change, being only about 6,000 tolas a day.

Prices relapsed during the latter half, ready ranging between Rs. 21-5-0 and Rs. 21-6-0 per tola. After the publication of the Budget proposals on 28th February, the rates dropped still further reaching Rs. 21-3-9, Government's statutory buying rate. Large quantities of the metal were tendered to the Mint, much of it being released by speculators, and during March alone Government bought about Rs. 209 lacs worth of gold, *i.e.*, nearly 9.8 lacs tolas. Government were thus enabled to replenish the loss in the Paper Currency Reserve suffered by a transfer of funds to the Home Treasury to meet the Secretary of State's requirements and to pay for the sales to the market. Nevertheless stocks remained high owing to fresh arrivals from upcountry and further liquidations by speculators, and the supply at the end of March was still estimated at 3 lacs tolas. The daily offtake was unchanged at 5,000 to 6,000 tolas. Throughout the second quarter (April—June) there was no change either in the price or in the offtake of gold. Large blocks were sold to Government every week, the total amount since March to the end of June aggregating about Rs. 646 lacs. In addition about Rs. 76 lacs worth of the metal was exported. Even in July and almost to the end of August little activity was noticed in the market, although large movements of the metal took place on the Continent of Europe and in Great Britain. Government bought further Rs. 385 lacs worth of the metal during these two months. In the last week of August some speculative purchases were made and the price of ready rose to Rs. 21-7-0 per tola on the 24th, but the rise was short-lived and the rate soon slipped to Rs. 21-4-6 per tola. In the first half of September false rumours of an impending change in the rupee ratio gained ground and the price of gold rose to Rs. 21-8-3 per tola on 14th. These rumours were categorically denied by the Viceroy and the Finance Member, with the result that the price immediately dropped to Rs. 21-4-3 per tola ready. Not a single tola, however, had been tendered to the Mint since then. The daily offtake also showed no improvement, being about 3,000 to 4,000 tolas.

The suspension of the gold standard in Great Britain and the consequent linking of the rupee to sterling created a startling change in the gold market. The depreciation in sterling in terms of gold currencies was reflected in the local market by a proportionate rise in the price of

the metal. The price rose by leaps and bounds following movements in the dollar sterling rate, and touched Rs. 31-2-0 per tola on 1st December, the highest during the last seven or eight years. A reaction occurred at this level, the price declining to Rs. 28-10-0 on 14th December. During the latter half of December movements were comparatively narrow, the ready rate, barring a temporary rise to Rs. 30-0-6 on the 19th, fluctuated between Rs. 28-15 and Rs. 29-11-6. The total export during the calendar year amounted to Rs. 37·43 crores and formed about 7 per cent. of the total imports during the last 30 years and about 19 per cent. of the total imports during the last seven years. It can truly be said that India's hoarded gold is now performing its true function thereby providing an object-lesson to the present hoarders of the metal in Europe and America.

Silver.—The problem of the rehabilitation of silver received more attention this year than in the past two years, particularly at the hands of American interests. Talks of an International Conference became frequent. The economic trouble on the Continent and the consequent abandonment of the gold standard by various countries and the general disbelief in the "gold exchange standard" brought the question of bi-metallism and the revalorisation of silver to the forefront. The schemes put forward so far, however, have only an academic value and are in many cases impracticable.

Mr. Francis Bromwell, Chairman of the American Smelting Company, the largest silver producers in the United States of America, recommended the formation of an agreement among the principal silver interests to fix a price for further sales at a level much above the prevailing rate. Though acceptable in theory, Mr. Bromwell's suggestion would not stand the test of actual practice. In support of this contention may be quoted the failure of the Farm Board in the United States of America to control and check the fall in the price of wheat and cotton by artificial methods and similarly unsuccessful action on the part of the Egyptian Government which are too recent to be ignored.

Mr. Bromwell's method is like putting the cart before the horse. Instead of searching for and removing the causes leading to the fall in the price of silver, which would seem to be the right thing to do, he suggests raising and maintaining the price by artificial methods, leaving the root cause of the trouble untouched. Sir George Schuster, replying to a debate in the Legislative Assembly on agricultural depression, stated that "the purchasing power of the country did not depend on the intrinsic value of the currency, but on the quantity of goods exported. No country could suddenly restore prosperity by improving the price of silver. What India wanted was better value for cotton, jute, rice, groundnut and wheat and not an improvement in the price of silver. There was no chance of getting into any agreement with American interests which would offer help of a permanent improvement in the price of silver." With regard to making silver the basis for currency, Mr. Ramsay MacDonald, the Prime Minister, in reply to a question in the House of Commons on the subject declared "the suggestion seems to be impracticable." Mr. Neville Chamberlain, the Chancellor of the Exchequer of the National Government, later stated that "Government did not consider that any useful purpose would be served by calling an International Conference on silver."

These remarks clearly indicated the attitude of Great Britain and the Government of India, who have large surplus stocks of silver. One wonders why so much interest has of late been taken by Americans in the problem of increasing the purchasing power of the East by raising the price of silver, artificially and otherwise. The purchasing power of the country, as Sir George Schuster pointed out, does not depend upon the intrinsic value of its currency. It depends on the volume of goods exported by the country and the prices realised thereby. Far Eastern countries are mainly agricultural, and if the world cannot buy the products it is not because the price of silver is low or that they are unwilling to sell, but because the purchasing power of the world has been reduced owing to causes other than the fall in the price of silver. Once economic equilibrium has been restored, a rise in the world's purchasing power and a consequent improved demand at higher prices for the agricultural and other products of the East will cause the value of silver to rise automatically. It is true, of course, that increased use of silver for currency purposes would tend to raise its value, thus restoring silver to the premium it commanded before it was dethroned from world currency. The import of silver into India compared with that of gold since 1900 is much smaller, the former amounting to about Rs. 233 crores and the latter to some Rs. 510 crores. In addition large amounts of gold were added to India's imports of the metal by the output of the Kolar Mines. Thus the loss in the price of silver would appear to be more than made up by a corresponding rise in the value of gold.

Apart from these general causes affecting the price of silver in common with other commodities, an additional factor is the large sales of demonetised silver by the Governments of various countries. India is one of the largest holders of surplus silver and a prospective seller whenever a suitable opportunity occurs. The Siamese Government sold about 16½ million standard ounces of silver during the year to replace silver ticals by gold.

The prospects of silver in the coming year appear brighter and an improvement has already taken place. The sterling price has recovered from the low level of 12*d.* to over 20*d.* per ounce standard, and even judged in terms of gold the price is higher by 4*d.* Furthermore, while the gold price of silver has risen, the price of base metals has not increased to the same extent, which shows an inherent improvement in silver.

Production is being gradually curtailed, this year's total being estimated at about 196 million ounces as compared with some 248 million ounces last year and 256 million ounces in 1929.

As far as Indian conditions affect the world price of silver, all indications point towards higher prices in the coming year. The rupee prices of commodities increased towards the end of the year, causing not only a cessation of the flow of rupee coins into the Treasury, but the withdrawal of large blocks amounting to several crores of rupees. The large amount of funds liquidated through the sale of gold in the last quarter of the year may have been partly replaced by silver coins, and the Government of India, now being able to buy their sterling requirements with ease, will be less keen to sell their silver.

China, another large supporter of silver, is likely to consume a large quantity of the metal in the coming year, since commodity prices are tending upwards and it is unlikely that China will again suffer from famines and floods as she did this year.

Signs are also visible of the increased use of silver for currency purposes. Germany is reported to have bought a fair quantity of the metal since the crisis occurred in that country, and may buy further large blocks in the near future. Other countries may have to do likewise.

The downward tendency in the price of silver continued until it was checked by a change of sentiment following President Hoover's moratorium announcement in June. A definite upward tendency became manifest after the suspension of the gold standard by various countries in September.

The price of ready silver at the opening of the year stood at Rs. 43-10 and commanded a premium of about Rs. 1-10 owing to rumours that Government contemplated the imposition of an additional duty on silver imports prior to the presentation of the General Budget to the Legislature at the end of February.

Foreign markets, however, were weak and within a few days the Shanghai tael dropped from 1/5-1/8*d*. to 1/3-1/8*d*. and the price in London from 14-3/8*d*. to 13-7/16*d*. per ounce standard. As a sequel the price of ready in the local market fell to Rs. 41-6 per 100 tolas but still commanded a premium of Re. 1 owing to supply on hand being meagre at 900 bars, while the daily offtake was fairly high, being about 180 bars. But 9,000 bars were on the way from New York and London to arrive before the end of February, when it was confidently expected that the duty on silver would be enhanced.

Prices declined further during February, but the premium of ready widened to as much as Rs. 7 as the date for the announcement of the Budget proposals drew near. The offtake also increased considerably and reached the record figure of 530 bars a day in the last week. Fresh arrivals had augmented stocks to 10,000 bars.

The General Budget was presented to the Legislative Assembly on the 28th and contained a proposal to raise the duty on silver from 4 to 6 annas per ounce. This had little effect on local rates, the news having been discounted beforehand. Foreign markets were somewhat steadier at this time, the tael in Shanghai rising from 1*s*. 2-11/16*d*. to 1*s*. 3$\frac{1}{16}$*d*. and the price in London gained 1/2*d*. per ounce to 13*d*. In the local market the price of ready improved about Rs. 1-8 to Rs. 43-2 per 100 tolas including the increased duty. The offtake sank to 170 bars a day in the first week of March while stocks in the meantime had swollen to 13,000 bars. In view of this, it was generally expected that no fresh shipments of any size would be made from abroad for some months. Prices in the following two weeks of March were steady, moving within a narrow range, but in the concluding week an easy tendency set in following the news of the proposed sale of 16$\frac{1}{2}$ million ounces of surplus silver by the Siamese Government. The offtake in the local market had dwindled to 70 bars a day with stocks top-heavy at 12,000 bars. The price of ready dropped from Rs. 44-11 to Rs. 43, the tael from 1*s*. 4-11/16*d*. to 1*s*. 3-1/4*d*. and London silver from 14-7/16*d*. to 12-15/16*d*. per ounce standard.

During April and May the market was rather erratic, but with a steady undertone. Speculators had the upper hand, the ordinary factors—supply and demand—being of little consequence. There was perpetual fear of a squeeze since stocks were largely held in strong hands and were gradually decreasing in the absence of fresh arrivals, being estimated at 2,900 bars at the end of May, with the daily offtake averaging about 150 bars. The price of ready ranged between Rs. 43-4 and Rs. 43-12 and commanded a premium of about As. 8 since fresh imports were not possible on account of speculators keeping local prices well below import parity.

Towards the end of May weakness developed in the Shanghai market where the tael declined to 1*s.* 1$\frac{15}{16}$*d.* Prices in London dropped to 12$\frac{1}{8}$*d.* per ounce and ready in the local market fell to Rs. 42-5 per 100 tolas. The easy tendency continued during June, prices declining further in all markets. Trading in Bombay continued restricted owing to fear of a squeeze, since stocks were reduced to the low figure of some 1,600 bars, while the offtake remained fairly high at 170 bars a day. A sudden change occurred following the announcement of the Hoover Moratorium in the last week of June. A bullish sentiment prevailed in all the principal silver markets and the speculators became very active. Bear account was hurriedly covered in all centres, with the result that the tael touched 1*s.* 4$\frac{5}{16}$*d.* and the price in London rose to 13$\frac{3}{4}$*d.* In the local market ready gained about Rs. 3 to Rs. 45-4 per 100 tolas, but the daily offtake dwindled immediately to some 45 bars. Hardly had the markets grasped the true significance of the moratorium than there came disquieting news about the economic situation in Germany and other Central European countries. Activity was curbed and prices declined somewhat. The tael dropped to 1*s.* 3$\frac{3}{8}$*d.* and the price in London to 13$\frac{1}{8}$*d.* In our market ready fell to Rs. 43-14 and the daily offtake sank further to some 20 bars. During August and the first three weeks of September the market remained very dull and hesitant owing to developments in the international economic situation. Prices moved within a narrow range and the offtake remained low. £160,000 worth of silver was, however, booked from London for shipment in the last week of August after a lapse of several months. By this time the supply had almost run out, being about 1,000 bars.

The turning point came with the abandonment of the gold standard by Great Britain, which revived the talk of an International Conference on silver and the introduction of bi-metallism as a standard of currency in several important countries, etc. Sterling and rupee prices of all commodities began to rise. A further factor was the estranged relations between China and Japan on the Manchurian question. On top of all this came the second increase in the same year of a duty on silver imports in India, amounting to Rs. 3-8-3 per 100 tolas. There was a mad rush by American traders and hedge operators to cover their position, and within a week the price in the local market rose by about Rs. 11 to Rs. 54. London silver witnessed a record advance of 3$\frac{1}{2}$*d.* per ounce to 16$\frac{1}{4}$*d.* and the Shanghai tael jumped from 1*s.* 3*d.* to 1*s.* 6$\frac{3}{4}$*d.* The changes came with such dramatic suddenness that panicky conditions were created in our market. The Directors of the Bombay Bullion Exchange issued a warning to its members to trade on a limited scale owing to prevailing uncertain conditions, and as an emergency measure decided to restrict price movements between Rs. 49-8 and Rs. 53-8 per 100 tolas for five days. Trading actually became nominal

and was confined to carry-overs only, the daily offtake being restricted to about 10 bars. Prices were advancing in the outside markets under the influence of dollar sterling cross rate fluctuations and other factors indicated above. The tael rose to 1*s.* 8⅛*d.* and the price in London to 17⅝*d.* per ounce standard by mid-October. As a result the quotation for ready in the local market advanced to Rs. 58-4 per 100 tolas. In the third week of October the market developed sudden weakness following advices from Shanghai. The tael declined to 1*s.* 7⅛*d.* owing to prospects of an early amicable settlement of the Manchurian trouble. The price in London dropped to 15 11/16*d.* and the ready rate in the local market lost Rs. 3 to Rs. 55. The fall proved temporary, since the Sino-Japanese situation did not improve, and the dollar sterling rate showed signs of weakness. By mid-November the price of ready in our market rose to Rs. 66-8, the Shanghai tael to 2*s.* and London silver to 21 9/16*d.* per ounce standard, in all cases constituting the highest for the year. In the following week there was a sharp fall in the price of London silver following heavy unloading by American speculators, who had created a bull position since the opening of the future market in America in mid-June and increased it considerably after the crisis. There was a fall of as much as 3-9/16*d.* per ounce on the 15th, followed by a proportionate decline in the tael to 1*s.* 9*d.* and in the local market to Rs. 58-12 per 100 tolas, ready. These very erratic and wide movements kept activity in our market at a low ebb. The offtake remained poor at 10 to 15 bars and stocks increased to 4,500 bars owing to fresh arrivals from abroad and to the inflow of "distress" silver from upcountry. The market remained erratic in the following two weeks, but with an upward tendency. The offtake improved to 45 bars a day in the expectation that after such a big drop prices would react. Ready rose to Rs. 64-8 and the tael to 2*s.* by mid-December. During the second half of December an easier tone prevailed and prices declined three points. The offtake again fell to about 20 bars a day, while the stocks increased to about 9,000 bars at the end of the year.

Sales of silver by the Government of India during the calendar year are estimated at 25·7 million ounces and were largely made in London. The delivery was made partly by shipments to London and partly from India direct to Hongkong. It seems strange that despite further advances in the import duty on silver, Government should have pursued the policy of selling silver abroad, and ignored the well protected home market. The claims of the home market are further strengthened by the imposition of restrictions on the imports of silver bullion through Government relieving itself of the obligation to sell sterling at the statutory rate for bullion imports. Justice to India demands that Government should change their policy regarding the sale of silver and sell India's surplus stocks in the Indian market.

Shares.—Conditions in the share market saw a further deterioration despite additional protection to industry through increased import duties, and even the momentous changes during the latter half of the year resulted in temporary spasms of steadiness only. In contrast to the previous two years the Stock Exchange was not kept closed for any time during this year, not even for forward dealings. Investment demand throughout was conspicuous by its absence, trading being largely inter-bazar and confined to carry-overs of outstanding contracts.

During the first two months the political situation interfered considerably with trading which was frequently suspended. Cotton mill shares fluctuated in sympathy with movements

in raw cotton as well as the offtake of mill cloth. Prices were almost maintained till the end of February, when following the Budget proposals a buoyant tone became manifest, particularly in cotton mill shares. Bombay Dyeings rose from Rs. 660-4 to Rs. 740, Centurys from Rs. 251-4 to Rs. 282-8 and Fazulbhoys from Rs. 368-12 to Rs. 425. Miscellaneous shares also advanced in sympathy, Tata Iron Ordys. rising from Rs. 22-10 to Rs. 25 and Tata Hydros from Rs. 108 to Rs. 111-4. The rise in shares was, in fact, general. Tata Defds. had ceased to be the favourite speculative counter owing to the fact that a very large block of these shares was held in strong hands, and speculators were naturally shy about trading in them for fear of being squeezed. The rate was nominally quoted at about Rs. 280 to Rs. 285. Imperial Bank shares, which had been distinctly weak, also improved, rising from Rs. 1,055 to Rs. 1,070. The buoyant tone was, however, short-lived and market once again relapsed into inactivity. A sagging tendency in prices set in and continued up to mid-June, when pre-Budget levels were practically reached. Bombay Dyeings fell to Rs. 657-8, Centurys to Rs. 222-8 and Fazulbhoys to Rs. 342-8. Miscellaneous shares were particularly weak, Tata Iron Ordys. falling to Rs. 17-2, Tata Hydros to Rs. 102-8, and Bombay Burmahs to Rs. 365. During the second half of June prices reacted slightly following a rise in the price of raw cotton, and a generally better feeling prevailed. Bombay Dyeings rose to Rs. 692-8, Tata Ordys. to Rs. 23-8 and Bombay Burmahs to Rs. 405. Imperial Bank shares were weak owing to expectations of a reduction in the half-yearly dividend. The fully paid shares fell from Rs. 1,075 to Rs. 1,027-8. Throughout July and up to the first week in August the market again remained inactive, with narrow movements in rates. Imperial Bank shares suffered a sharp decline following the actual reduction in the rate of dividend from 16 to 12 per cent. per annum. Fully paid shares fell to Rs. 888-12 and Contributories to Rs. 218-12.

At this stage prices began to decline owing to internal political developments. Bulls commenced to unload on a nervous market. Bombay Dyeings fell to Rs. 663, Centurys to Rs. 190, Tata Iron Ordys. to Rs. 17-4 and Bombay Trams to Rs. 99-6. Imperial Bank shares declined further fully paid touching Rs. 845 and partly paid Rs. 211-4. Prices continued to sag throughout the remainder of August and up to the abandonment of the gold standard by Great Britain. Trading remained restricted and was largely inter-bazar. When commodity prices, particularly those of raw cotton, began to advance following the abandonment of the gold standard, the rise was reflected in the Stock Exchange by an appreciation in the value of shares. Bullish sentiment was fostered by the additional duties levied by the Government of India on all imports. The rise was particularly noticeable in shares in the miscellaneous section. Tata Iron Ordys. rose from Rs. 17 to Rs. 31-4 and Defds. from Rs. 292-8 to Rs. 345. Tata Hydros steadied to Rs. 110 and Bombay Trams gained from Rs. 98-7 to Rs. 104-6. Bank shares were also somewhat better, Imperial Bank fully paid advancing from Rs. 842-8 to Rs. 860.

Nothing, however, seemed to attract genuine investors, and in the absence of buyers there again set in downward tendency which continued up to the end of the year. Bombay Dyeings declined from Rs. 681 to Rs. 613-12, Centurys from Rs. 207-8 to Rs. 185, and Fazulbhoys from Rs. 333-12 to Rs. 285, but they recovered slightly at the end to Rs. 631-4, Rs. 194-6 and Rs. 293-12 respectively. The miscellaneous section suffered in the same way; Tata Iron Ordys. fell to

Rs. 19, but closed at Rs. 22-2, and Defds. finished at Rs. 287-8. Bank shares were also a shade easier.

No real improvement in share values is expected at an early date, since it will take a few years to repair the great losses sustained by industry in the past few years. The Managing Agency System, now widely condemned, stands in the way of a steady recovery. Unfortunately Government continue to ignore the rights of shareholders. In spite of a definite promise to amend the Indian Companies' Act three years ago nothing has yet been done in that direction. While Committees and Commissions, involving a loss of both time and money, have been appointed to deal with various subjects, a matter closely affecting the well-being of Indian industry has been neglected by Government. It is sincerely hoped that the Legislature will take the initiative in amending the Indian Companies' Act in the light of the present needs of industry and commerce.

Trade of India.—Idia's trade, in common with that of every other country in the world, declined heavily during the year to depths much below the previous low levels of 1930. Exports and imports fell under last year's figures. The fall was both in value and in bulk, the former due to low commodity prices and the latter to the world's reduced purchasing power. With their incomes cut by nearly half owing to the cataclysmic drop in the value of their produce Indian agriculturists who form the bulk of the population were forced to curtail their purchases and their distress was reflected in every branch of internal industry and commerce. A novel feature of this year's trade was not only the relatively small imports of treasure but the large exports of gold, particularly after the suspension of the gold standard in Great Britain. Moreover, whatever silver imports were made, were concentrated in the first quarter.

Our industries were in no happier condition; despite increased protection from foreign competition, they suffered from the general decline in demand. The jute mills curtailed production owing to lack of foreign buyers. The steel industry was hit by a further reduction in the railway construction and replacement programme and the cotton textile industry, except in Ahmedabad, was depressed owing to the falling prices of cotton and piece-goods.

At the end of the first quarter, opinion was gaining ground that the rapid downward slide of prices had ceased and for the first time since July 1929, the index number of wholesale commodity prices at the end of February, 1931, showed an upward movement. Though the percentage increase was insignificant, it was at least significant that the prolonged downward sweep appeared to have been arrested. Subsequent events proved, however, that the rise was only seasonal and the general decline was resumed within a month. It continued until the end of the third quarter when, following momentous changes in the currency systems of Great Britain and India, the rupee prices of India's prime commodities showed a substantial improvement.

The credit situation worsened and Government securities are lower than they were in 1919. This cannot be said to be entirely due to the political upheavals and world depression. Year after year Government have followed the suicidal policy of increasing taxes on income, which in turn has forced them to pay higher interest rates on their borrowings, thus causing great loss to the holders of the securities by a depreciation in their value. Moreover, interest derived from Indian

capital invested abroad does not come within the scope of the Indian income-tax. This anomaly directly hits rupee securities and it is even confidently believed that the time is not far when the price of rupee securities will be much lower than that of India sterling loans in London.

The financial and economic world of to-day is topsy-turvy and eminent economists, bankers and other experts are seriously engaged in the task of diagonising the symptoms and are searching for the causes of one of the world's most serious depressions. But there undoubtedly is room for guarded optimism for the coming year. It is expected that by their co-operative efforts, they will be able to prescribe the right line of treatment and if those afflicted will follow their instructions and advice, even if it may mean the swallowing of a very bitter pill, the world's economic gear will be put right and the road to recovery accelerated. At the moment the economic outlook in this country gives cause for optimism.

Our crops are plentiful, but not oppressively so, and foreign demand is gradually appearing. The prices of India's staple products towards the close of the year showed a decided improvement with every indication that the production of prime commodities, notably cotton and jute, is gradually adjusting itself to world's requirements. The industrial position, particularly in jute and cotton manufactures, is inherently sound, though industrial and political peace are highly essential for an upward swing. The finances of the Government of India are intrinsically strong and our note issue is covered to the extent of 66.5% in gold and silver at its sterling value; in addition £10 million Sterling securities are held. Furthermore Government have at last embarked on a programme of drastic retrenchment in expenditure. Though railway earnings are low, retrenchment and a revival in trade would soon make good the deficit.

There is, in fact, every justification for the Hon. the Finance Member's claim, that once a definite improvement in the world's economic position sets in, no country is in better position to take advantage of it than India. But political peace and good-will are essential if the full fruits of both the present situation and future developments are to be gathered. Indians of all shades of opinion should openly and honestly denounce violence and intimidation which interferes with trade and obstructs the successful conclusion of the work of the Round Table Conference through which India is to secure Dominion Status with essential temporary safeguards. The National Government of Great Britain on their part must realise the necessity for speedily giving effect to the epoch-making reforms which India has been promised. A firm hand is needed to maintain public peace and safety, but it is only through the restoration of good-will that happy trade and political relations between Great Britain and India can be revived.

MONEY.

Year opens with steady rates.

The money market naturally possessed an artificial character over the turn of the year and two days' stringency was both preceded and followed by days of extreme ease. The rate for call funds, which had been barely 2½ per cent. in the concluding week of last year, rose sharply to 4½ per cent. on the closing day, relapsing, however, to 2-2½ per cent. in the next two or three days. Conditions were almost unchanged till mid-January, when on the raising of the Imperial Bank rate from 6 to 7 per cent. effective on the 15th instant, the market began to assume a steadier tone and 5½ per cent. was quoted for day to day funds. The trade demand began to show a distinct improvement owing to requirements for financing Broach cotton and other crops and this, together with the continual large flow of funds into treasury bills, kept up money rates at fairly high levels. 6 per cent. was reached by the end of January and this level was maintained except for temporary relapses till the end of March. The trade demand from mid-January to mid-February showed a rise of about Rs. 760 lacs. Thereafter it began to fall off gradually and treasury bills became the main prop to the money market. During March the trade demand as shown in the Imperial Bank's weekly statement showed a decline of about Rs. 125 lacs.

Bank rate raised.

Trade demand improves.

Treasury Bills mainstay of market.

On the whole trade absorbed comparatively less finance during the busy quarter, and had it not been for treasury bills, which were issued week in and week out at an average rate of 6.15 per cent. for three months usuance, money rates would have remained lower.

Call loans in good demand.

During the second quarter rates were mainly influenced by treasury bills, trade factors being of little account. The excess of renewals over maturities or *vice versa* determined more or less the call rate for the day. While 6½ per cent. was freely paid and banks had even to resort to the Imperial Bank in the first week of April, the rate slipped to 5 per cent. in the second week owing to treasury bill renewals being offset by maturities. In the latter half, however, the rate for call funds rose again to 6½ per cent. treasury maturities during this period being Rs. 8.85 crores and renewals amounting to the exceedingly large figure of Rs. 16.49 crores.

Sharp relapse in call rate.

In the first week of May there was a sharp relapse in the rate for call funds to 4½ per cent. owing to the demand for investment in treasury bills being met from maturities, and to negligible trade requirements. Even a contraction of Rs. 4 crores in the currency against gold had little effect on rates. The easier tendency continued till mid-May despite treasury renewals being in excess of maturities, the gap being filled by the decreasing demand for funds for trade purposes.

At this juncture, however, it was generally felt that the allotment rates of treasury bills would be reduced so as to conform to a 6 per cent. bank rate, which was then expected shortly. In consequence applications for treasury bills of all usuances poured in for large amounts while maturities during the same period were comparatively much smaller. On top of this Government contracted the currency to the extent of further Rs. 5 crores, this time also against gold, thus raising the total contractions since April to Rs. 12 crores. The rate for call funds rose as high as 6½ per cent. with a temporary relapse to 5 per cent. at the end of the week. The rate, however, rose to 6 per cent. in the earlier part of the concluding week in May, but on the reduction of the Imperial Bank rate to 6 per cent. on the 28th, the rate for call funds dropped to 5 per cent. The main cause of the strength during the earlier part of the month was treasury bills which absorbed further large amounts in anticipation of a reduction in the allotment rates.

Large applications for Treasury Bills.

Tight money rates.

Bank rate reduced.

Treasury bills exercised the usual influence on money rates during the first week of June, with call funds in demand at 5½ per cent. Trade being very slack, with demand falling off, all surplus funds found their way into treasury bills which gave a better yield than gilt-edged stocks. In the second week, treasury maturities outstripped renewals by a large figure, resulting in a collapse in the rate for call funds to 3¼ per cent., which was the lowest since the beginning of the year. Government contracted Rs. 3 crores in the currency against rupee securities on the 12th June which, together with the payment for treasury bill tenders on the same day, caused the call rate to rise to 4 per cent. During the remainder of June, the rate for short-term funds was maintained between 4 and 4½ per cent.; treasury bill renewals were largely offset by maturities and trade demand continued to show a fall.

Trade demand very slack and money rates relapse.

Government contracts Currency.

On the turn of the half year stringent conditions prevailed with call funds placed as high as 5½ per cent. The usual demand for funds for the banking half-year together with excessive renewals of treasury bills accounted for this situation. Export trade in connection with seeds was also slightly more active.

Money rates improve.

Call money was maintained around 5½ per cent. throughout July barring slight variations off and on, influenced mainly by the discrepancy between renewals and maturities of treasury bills from time to time. A contraction of Rs. 3 crores effected in mid-month helped to tighten money, causing the call rate to go up to 6 per cent.

Further contraction of Currency.

On the 6th of August the market was surprised by a rise in the rate of advances by the Imperial Bank to 7 per cent. The market had, in fact, been expecting for a fortnight a fall in the rate from 6 to 5 per cent., but circumstances abroad had altered with such great suddenness that there seemed to be no alternative. This move was without precedent during the last 30 years. Never had the bank rate been raised at this time of the year, and to a 7 per cent. level.

Unexpected rise in Bank rate.

Government had to raise the yield on treasury bills since money rates in London and other centres were tightening up, and the higher yield could hardly be justified without a simultaneous rise in the bank rate. Strange as it may seem, the rate for call funds at this juncture slipped to 4 per cent. Treasury bill maturities exceeded renewals, investors adopting a policy of waiting. Although the yield on treasury bills had been raised to a favourable level, the market expected still further improvement. Trade demand also continued to decline and fell by about Rs. 235 lacs in August. During the remainder of the month the rate for day to day loans varied between 4 and 4½ per cent., treasury renewals being offset by maturities.

Yield on Treasury Bills raised.

September was a month of momentous changes in the currency policy of Great Britain, India and several other European countries, and this had its repercussions on the financial markets. Early in September money showed signs of tightening up and the rate for call funds rose to 6½ per cent. The trade demand began to improve gradually and during the first half treasury renewals were almost equal to maturities. From mid-September Government invited subscriptions to the New Loan bearing 6½ per cent. interest repayable in 1935 which began to draw a portion of the surplus funds and acted as an additional strengthening factor.

Momentous changes in world Currencies.

On 21st September the Government of Great Britain in consultation with the Bank of England decided to suspend for six months the operation of sub-clause 2 of Section I of the Gold Standard Act, 1925, which required the Bank to sell gold at a fixed price. Simultaneous with this announcement the Bank of England raised its discount rate from 4½ to 6 per cent.

Bank Act suspended in Great Britain.

Following the suspension of the gold standard in England, His Excellency the Governor-General issued an Ordinance on the same morning temporarily relieving the Government of India from the obligation under the Currency Act of 1927, to sell sterling or gold and also announced that the 22nd to the 24th inclusive were to be public holidays. The Imperial Bank of India rate was raised from 7 to 8 per cent. with effect from 22nd September. The Secretary of State for India, however, cleared up the position by announcing immediately before the Federal Structure Committee in London that the rupee was to remain linked to sterling, which removed all doubts entertained regarding the future movements of the rupee.

Ordinance issued by H. E. Governor-General.

Banks closed and Bank rate raised further.

This announcement was immediately followed by an assurance in similar terms from Sir George Schuster and a second Ordinance was issued on the 24th repealing the first and providing *inter alia* that sales of gold or sterling by Government shall be made for financing:—

Second Ordinance issued.

1. Normal trade requirements excluding imports of gold, silver coin or bullion.
2. Contracts completed before 21st September, 1931.
3. Reasonable personal or domestic purposes.

Simultaneously with this announcement in connection with the ratio, Sir George Schuster stated that " in order to balance current expenditure and current receipts it will be necessary to introduce an emergency programme in which the main permanent necessity for restoring financial equilibrium will be by way of retrenchment, but in the interval it will be necessary to have recourse to other measures to ensure immediate equilibrium."

On the matter of keeping the banks closed for three days in succession and making effective the higher bank rate while the banks remained closed, thus allowing no opportunity to borrowers to liquidate their commitments, great resentment was felt in business circles. It was generally believed that such long closure was unnecessary, at least as far as Indian financial markets were concerned, particularly after Sir Samuel Hoare's statement in regard to the rupee ratio.

Banks reopen with tight money conditions.

On the reopening of banks on the 25th September, the rate for call funds was quoted at 7 per cent., but otherwise the position of the money market was little affected by the various far-reaching changes since the 21st. Money conditions remained steady till the end of September with call loans placed between 6 and 6½ per cent. Export of gold abroad following the abandonment of the gold standard in Great Britain and India, and the consequent creation of an additional large demand for funds, together with the investment of 11·50 crores within a fortnight in the new 6½ per cent. Treasury Bonds accounted for the strength in money rates.

Investment in Treasury Bills declines.

There was, however, a noticeable decline in investment in treasury bills at this juncture, while maturities were exceedingly large, thus counteracting to a great extent the demand created by the export of gold. Government expanded currency against rupee securities to the tune of Rs. 12 crores by mid-October, probably to meet the large treasury bill maturities. The floating debt, which had reached about Rs. 83 crores by the end of September, was now reduced to about Rs. 64 crores. The rate for call funds began to decline and by mid-October reached the level of 4½ per cent. with a plentiful supply of money available. The cash balance of the Imperial Bank on the other hand did not exceed Rs. 9 crores, and the Bank had to borrow Rs. 2½ crores from the Currency Department against Inland bills early in the month.

Floating debt reduced.

Bank rate becomes ineffective.

During the latter half of October also the bank rate remained ineffective and the rate for short term loans declined still further to about 3½ per cent. except on days coinciding with payments for treasury bills, when the rate rose to a higher level of about 6 per cent. A further expansion of Rs. 193 lacs currency was made in the third week of October, raising the total during this month to about Rs. 14.39 crores.

Supplementary Finance Bill.

The Supplementary Finance Bill, reference to which had been made by His Excellency the Viceroy in his opening address to the two Houses of the Legislature on the 14th September and by Sir George Schuster, the Finance Member, on the 24th September on the occasion of his announcement regarding the future of the rupee, was introduced in the Legislative Assembly on the 30th September. The

Finance Bill embodied various measures (details are given elsewhere in this report) to meet the unusual and difficult circumstances and to restore equilibrium between revenue and expenditure. He pointed out that the foundations on which the estimates were based fluctuated owing to changes in the currency position, which made it all the more necessary to avoid getting into any sort of inflationary position resulting from failure to balance expenditure with revenue.

Money rates improve.

The monetary situation was unchanged up to the end of November with the rate for call funds standing at about 4 per cent. except for slight changes on days coinciding with the treasury bill payments. Treasury bill maturities and renewals during this period almost offset each other and the demand for trade purposes remained very low. It was, however, expected that cotton arrivals at ports from upcountry centres would shortly commence causing a rise in money rates and actually before the end of the month, the rate for call funds had moved up by two points to 6 per cent. Of course, this stringency was not actually so much due to financing of crops, which was only modest, as to financing of gold. Treasury bills during this period exerted little influence on the money market since renewals were met either by maturities or through expansion of currency.

Export of gold reaches colossal dimensions and money rates tighten.

During December the export of gold reached colossal dimensions and there was a constant demand for funds in this connection. The rate for call funds was at times quoted as high as 7½ per cent. and was never under 6 per cent. During this period banks had at times even to resort to short borrowing from the Imperial Bank, whose rate of interest stood at 8 per cent. all along, and consequently the cash balance of Bank remained rather low. The demand for the year-end requirements both by banks and the market caused a stringency in the money market with the call rate advancing to 8 per cent.

IMPERIAL BANK STATEMENTS.

Cash balance declines gradually.

The first weekly statement of the Imperial Bank dated the 2nd January showed little change from the closing one of the previous year. The cash balance was only Rs. 10.49 lacs lower at Rs. 11.92 crores and the percentage of cash to liabilities decreased by 0.38 to 14.08. In the second week the Bank borrowed Rs. 1 crore against Inland bills despite which there was a fall in the cash balance of Rs. 43.01 lacs reducing it to Rs. 11.49 crores. The percentage was also slightly lower at 13.68. In the following two weeks there was a small fall in the cash balance, but this was more than made up by the end of January when the balance stood at Rs. 11.97 crores. The percentage of cash to liabilities improved to 14.35. In the first week of February the cash balance showed a large decrease of Rs. 269.47 lacs to Rs. 9.28 crores, which included Rs. 2 crores borrowed by the Bank against Inland bills, thus raising the total borrowings to Rs. 3 crores. The percentage of cash to liabilities fell by 3.40 to 10.95. The continued good trade demand and

Bank borrows against Inland Bills.

Large decrease in Cash balance and Bank borrows further against Inland Bills.

the excess of treasury bill maturities over renewals were more than offset by revenue collections, and the cash balance of the Bank was practically unchanged at Rs. 9.63 crores after the Bank had repaid Rs. 3 crores, completely liquidating its borrowing against Inland bills on 27th February. The percentage of cash to liabilities improved slightly to 11.58.

Bank repays its borrowings against Inland Bills.

In the first week of March the Bank once more borrowed Rs. 2 crores against Inland bills but the cash balance still declined by Rs. 119.73 lacs to Rs. 8.43 crores owing to the beginning of the month requirements. The Bank, however, repaid Rs. 2 crores during the following week and the cash balance began to improve steadily reaching Rs. 13.32 crores at the close of the financial year. The percentage of cash to liabilities rose proportionately to 15.99. The borrowing and repayment by the Bank against Inland bills generally coincided with operations by Government for similar amounts with the Bank.

Bank borrows once again.

Cash balance improves.

In the first week of April the balance declined by the large figure of Rs. 214.24 lacs to Rs. 11.18 crores owing to the beginning of the month requirements. The percentage of cash to liabilities fell by 2.50 per cent. to 13.49. In the following two weeks, the balance varied only slightly but in the week ending 24th, cash increased by Rs. 384.27 lacs to Rs. 15.22 crores, due to a substantial rise of Rs. 724.52 lacs in Government deposits as a result of large treasury bills sales. The percentage of cash to liabilities increased by 3.32 to 17.86. It may be noted that for the first time, since the beginning of the year the cash balance nearly equalled that for the corresponding date in 1930. Throughout the rest of the period the cash balance at the Bank remained much below that of the previous year.

Cash balance swells.

In the first week of May, however, the cash balance fell by as much as Rs. 404.64 lacs to Rs. 11.77 crores, representing a corresponding contraction of currency by Government. But in the following week the balance improved once again to Rs. 15.22 crores as a result of large sales of treasury bills aggregating Rs. 6 crores against maturities of only Rs. 129 lacs during the same period. The percentage of cash to liabilities rose to 18.12. The cash balance at this time varied largely according to whether treasury bills maturities exceeded renewals or *vice versa*, and to contractions of currency which were also very frequent.

Cash balance declines owing to larger contraction of Currency.

At the beginning of June the balance stood at Rs. 15.58 crores and for the first time since the beginning of the year exceeded largely the balance at the corresponding date in 1930. By the end of June the balance increased to Rs. 17.26 crores and the percentage to 20.78.

Cash balance increases again.

During the first three weeks in July, the balance declined gradually to Rs. 15.94 crores owing to requirements for the export of seeds, but before the end of the month the balance increased considerably to Rs. 21.84 crores as a result of large sales of treasury bills, causing Government deposits to rise to Rs. 21.26 crores, a gain of about Rs. 6 crores since the beginning of the month. The percentage of cash to liabilities increasesd to 24.99.

Improvement continues.

August saw very small variations in the balance as well as in the percentage of cash to liabilities. The highest balance reached was Rs. 21.94 crores and the percentage 25.50 on the 24th, both constituting the highest for the year 1931.

Sudden fall in balances.

A sudden turn took place during September, however, and the balance fell from the top figure to the lowest figure of the year, namely Rs. 6.45 crores on the 25th as compared with Rs. 25.60 crores at the same time the previous year. This occurred despite the sale of 6½ per cent. New Treasury Bonds to the extent of Rs. 9.75 crores upto 19th September. The percentage of cash to liabilities declined to the low level of 8.38. The big drop in the cash balance was due to exceedingly large treasury bill maturities with comparatively small renewals, causing Government Deposits to fall by about Rs. 11 crores. An additional factor was the large withdrawal of funds on the re-opening of banks after a forced closure of three days which alone accounted for about Rs. 6 crores. The Bank had to borrow Rs. 2½ crores from the Paper Currency Department against Inland bills. Part of these withdrawals returned to the Bank in the following week, the Bank's minimum lending period being seven days, with the result that at the beginning of October the cash balance increased by Rs. 280.25 lacs to Rs. 9.25 crores. The percentage of cash to liabilities also improved from 8.38 to 11.80.

Large withdrawals on re-opening of banks.

Cash balance shows little change.

During the first half of October, there was hardly any change in the cash balance, but the Bank repaid Rs. 1½ crores out of the Rs. 2½ crores borrowed against Inland bills. Some improvement occurred in the latter half of the month and the Bank was able to repay the balance of Rs. 1 crore borrowed against Inland bills. The cash balance stood at Rs. 11.69 crores and the percentage of cash to liabilities at 15.73.

Balance declines by a large figure.

During the first week of November the cash balance declined by the large figure of Rs. 350.16 lacs to Rs. 8.19 crores as compared with Rs. 24.44 crores at the same time last year. The percentage of cash to liabilities declined by 4.43 per cent. to 11.30, the fall being largely due to the beginning of the month requirements. In the succeeding three weeks, a slight improvement occurred, the balance rising to Rs. 10.04 crores on the 27th of November and the percentage of cash to liabilities improved to 13.90.

Little variation in balances throughout the month.

In the first week of December, however, there was a fall of Rs. 17.50 lacs reducing the balance to Rs. 9.33 crores and throughout the remainder of the month, the balance moved within narrow limits. The percentage of cash to liabilities ranged between 12 to 13 per cent. The balance at the end of the year stood at Rs. 11.05 crores and the percentage at 14.26 as compared with Rs. 11.92 crores and 14.08 respectively at the end of last year.

Public deposits very small at opening.

Government Deposits at the opening of the year stood at Rs. 7.25 crores, of which Rs. 6 crores had been borrowed from the Imperial Bank for Ways and Means advances, Rs. 5 crores out of this being the outstanding at the close of last year. Government repaid Rs. 1 crore to the Bank in the following week, reducing their borrowings to Rs. 5 crores. The balance despite this increased by Rs. 149.45 lacs to Rs. 8.75

crores owing probably to revenue collections and large treasury bill renewals. A further Rs. 2 crores were repaid during the third week and Rs. 2 crores more in the last week of January, thus bringing down the balance to Rs. 1 crore. In spite of these payments Government balances increased to Rs. 9.05 crores on 30th January, which was a clear indication of the steady inflow of revenues. In the first week of February, however, Government reborrowed Rs. 2 crores for Ways and Means advances, putting up the total to Rs. 3 crores and their balance on the 6th stood at Rs. 8.09 crores, *i.e.*, Rs. 96.27 lacs less than the previous week. In the following three weeks Government had heavy commitments in the shape of Treasury bill maturities and although these were partly met from renewals, Government had to pay large blocks from their running balances. Revenue, however, was still coming in and Government were even able to repay the Rs. 3 crores borrowed for Ways and Means, and the balance on 27th February, after repaying the above Rs. 3 crores stood at Rs. 9.47 crores.

Government repays Bank against Ways and Means borrowing.

In the first week of March Government again borrowed Rs. 4 crores for Ways and Means, but owing to large requirements for the beginning of the month and for meeting Treasury bill maturities, their balance fell to Rs. 6.81 crores, *viz.*, Rs. 266.79 lacs below that of the preceding week. In the following week the temporary advance of Rs. 4 crores was returned by the Government and their balance rose steadily, reaching Rs. 11.92 crores at the close of March.

Government reborrows for Ways and Means.

During the first quarter, Government Deposits increased largely as a result of the influx of revenue and the fact that contraction of currency effected during the period was small amplified it. The week to week fluctuation depended upon whether Treasury bill renewals exceeded or fell short of maturities.

In the first week of April, Public Deposits decreased by Rs. 229.96 lacs to Rs. 9.62 crores probably owing to the beginning of the financial year. The balance declined further in the following two weeks to Rs. 7.23 crores largely owing to the repayment by Government of the equivalent of £ 1 million sterling to the Imperial Bank against temporary advances received in London. During the week ending 24th April, deposits showed a substantial rise of Rs. 724.52 lacs to Rs. 14.47 crores owing to large sale of treasuries which was due to the fear generally entertained that before long the Bank rate would be reduced to 6 per cent. with a corresponding fall in the yield on Treasury bills.

Public deposits decline.

Substantial rise in Public deposits.

The equivalent of another one million sterling was repaid by Government to the Imperial Bank in the last week of April when their deposits stood at Rs. 14.31 crores. In the first week of May, Government Deposits fell by Rs. 393.74 lacs to Rs. 10.37 crores, as a result of contraction of currency to the extent of Rs. 4 crores. During the second week, however, Public Deposits increased by the large figure of Rs. 487.82 lacs to Rs. 15.25 crores due to excess of Treasury bill renewals over maturities, again induced by the fear of a fall in the bank rate, but this, as on the previous occasion, did not materialise.

Government repays Bank against temporary Sterling borrowings.

Investment in Treasury bills on a large scale still continued, so much so that despite a further contraction of Rs. 5 crores in the third week of May, Government Deposits remained unaffected at about Rs. 15.36 crores. In addition the equivalent of a further one million sterling was repaid by Government to the Imperial Bank, thus reducing the outstanding balance to £ 1 million. By the end of May, Government balances had further increased to Rs. 16.53 crores.

Public Deposits show further improvement.

In the first week of June Government repaid the balance of one million sterling to the Bank and also contracted currency to the extent of a further Rs. 3 crores, which caused their balances to decrease to Rs. 12.98 crores. In the succeeding two weeks, however, deposits rose again to Rs. 16.35 crores, declining at the end of the month to Rs. 15 crores.

Currency contracted.

During July deposits increased by over Rs. 6 crores to Rs. 21.26 crores as a result of Treasury bill renewals outstripping securities. In the first week of August deposits fell nearly by Rs. 4 crores to Rs. 17.29 crores, probably due to beginning of the month requirements, Treasury bill renewals being offset by maturities during this period. In the succeeding two weeks deposits increased to Rs. 20.11 crores, falling at the end of the month to Rs. 19.59 crores.

Public deposits increase substantially.

Throughout September and October Treasury bill maturities exceeded renewals and funds were being withdrawn owing to currency and financial troubles in Great Britain and on the Continent and as a consequence Government Deposits fell persistently. In fact Government had to expand currency to the tune of Rs. 14.39 crores to meet large maturities apart from reducing their balances at the Bank to the low figure of Rs. 6.91 crores in the third week of October. Nevertheless, at the end of the month the balance increased to Rs. 10.41 crores.

A big drop in Public deposits.

During the first week of November, Government borrowed Rs. 2 crores from the Bank for Ways and Means advances despite which their balance declined by Rs. 188.65 lacs to Rs. 8.52 crores. Government, however, repaid a crore of the above borrowing in the following week, their balances during the remainder of the month varying only slightly.

Government borrows from Bank for Ways and Means advances.

In the first week of December, there was a fall of Rs. 167.99 lacs to Rs. 6.35 crores owing probably to the beginning of the month requirements. In the succeeding weeks, the balance varied but little, remaining in the neighbourhood of about Rs. 8 crores. Government again borrowed Rs. 2½ crores from the Bank for Ways and Means advances in the last week, but at the close of the year they were able to repay the whole amount and the Government balance at the end of the year stood at Rs. 8.32 crores as against Rs. 7.25 crores last year.

Public deposits remain low.

CURRENCY STATEMENTS.

The year opened with currency notes in circulation to the amount of Rs. 161.34 crores, against which there was a reserve of Rs. 119.98 crores in rupee coin and silver bullion and Rs. 31.74 crores in gold. The balance was made up of rupee securities amounting to Rs. 9.60 crores. The metallic reserve ratio to circulation was 94.04. During the first week, notes decreased by Rs. 34.62 lacs to Rs. 160.99 crores with almost a corresponding fall in gold to Rs. 31·36 crores.

Gold reserves decrease.

It was after nearly two years that the amount of gold in the Paper Currency Reserve showed any change. The loss was occasioned by the sale of reverse councils in India, to meet which Government utilised securities from the Gold Standard Reserve in England by earmarking gold in the Paper Currency Reserve in India. Silver coin and bullion, on the other hand, increased by the small figure of about Rs. 23 lacs, but this was counter-balanced by a fall in securities. The Paper Currency

Large decline in note circulation.

Return of the 15th of January showed a large drop of Rs. 159.07 lacs in notes in circulation and of Rs. 283.33 lacs in gold. Of the latter, £1 million represented a transfer to the Home Treasury; the balance being utilised to meet sales of sterling in India. The method of transfer employed the previous week was again followed. The Paper Currency Return showed an item of Rs. 1 crore borrowed by the Imperial Bank from the Currency Department against Internal bills of exchange.

In the following week there was again a fall in notes in circulation as well as in gold, the

Note Circulation & Gold Reserves continue to decline.

former declining by Rs. 153.80 lacs to Rs. 157.86 crores and the latter by Rs. 187.53 lacs to Rs. 26.64 crores. Gold was utilised partly to meet the Secretary of State's requirements and partly for sales of sterling. Silver coin and silver bullion, on the other hand, had increased in the interim to Rs. 120.64 crores, while the metallic reserve ratio had dropped to 93.29. In the last week of January, notes showed a small increase of Rs. 34.11 lacs to Rs. 158.20 crores. Silver coin and bullion also increased by Rs. 48.11 lacs to Rs. 121.12 crores, while gold decreased further by Rs. 43.12 lacs to Rs. 26.21 crores.

During the first week of February, the Imperial Bank borrowed from the Paper Currency

Further Contraction against Gold.

Reserve a further Rs. 2 crores against Internal bills, making a total of Rs. 3 crores. Despite this inflation the notes in circulation increased by only Rs. 58.75 lacs to Rs. 158.79 crores, owing to a further contraction against the transfer of gold to the tune of Rs. 135.80 lacs. Gold bullion was reduced to Rs. 24.85 crores, while silver coin and bullion increased slightly to Rs. 120.75 crores.

During the two following weeks no changes of any magnitude occurred in the Paper Currency

Imperial Bank repays against Inland bills.

Department. In the concluding week of February, however, there was a fall of over Rs. 2 crores in currency notes due to the repayment by the Imperial Bank of Rs. 3 crores borrowed against Internal bills. The balance of Rs. 1 crore was made up by an increase in silver coin and bullion amounting to about Rs. 118 lacs. Gold bullion declined further by Rs. 19.34 lacs to Rs. 23.76 crores.

In the first week of March, the Imperial Bank again borrowed Rs. 2 crores against Internal bills, with the result that notes in circulation increased by Rs. 177.14 lacs to Rs. 158.30 crores. Silver coin and bullion decreased by Rs. 51.21 lacs to Rs. 122·16 crores, while gold was hardly changed. The metallic reserve ratio to circulation stood at 92.17.

Imperial Bank reborrows.

The Bank repaid Rs. 2 crores in the following week, but as gold to the value of over Rs. 1 crore was received by the mint from the market, notes in circulation fell by only Rs. 69.10 lacs to Rs. 157.64 crores. Those who had been holding large blocks of gold with a view to making substantial profits in the event of a reduction in the rupee ratio to under 1/6 began to unload their holdings when it was definitely announced by the Finance Member in Budget speech that a change in the existing ratio was unthinkable. The consuming capacity of trade was at its lowest, and with the market price standing near the Government buying rate of Rs. 21-3-10, less melting charges of 2 pies per tola, the market began to tender gold to the Mint. The metallic reserve ratio to circulation rose from 92.17 to 93.50 by mid-March.

Gold tendered to the Mint.

During the last fortnight in March an additional Rs. 1 crore worth of gold was tendered. This, together with the large number of rupee coin, amounting to Rs. 219.43 lacs, returned to the treasury caused the notes in circulation to increase to Rs. 160.84 crores at the end of the first quarter, which was also the end of the fiscal year. Gold bullion stood at Rs. 25.84 crores, *i.e.*, Rs. 209 lacs more than the lowest in early March. Silver coin and bullion together amounted to Rs. 124.79 crores and the metallic reserve ratio stood at 93.66. Securities amounted to Rs. 10.19 crores in India and *nil* in England.

Note circulation increases.

More gold tendered to the Mint.

In the second week of April Government contracted currency to the extent of Rs. 3 crores against rupee securities, which were reduced to Rs. 7.20 crores. Notes in circulation declined by only Rs. 155.77 lacs to Rs. 158.69 crores owing to return of silver coin and the addition of Rs. 78.47 lacs to the gold bullion reserves. The matallic reserve ratio improved from 93.63 to 95.46.

Currency contracted.

In the following two weeks further additions were made both to silver coin and gold bullion, with the result that notes in circulation rose to Rs. 160.14 crores at the end of April. Silver coin and bullion at this date aggregated Rs. 125.39 crores, while gold bullion amounted to Rs. 27·54 crores.

Gold as well as Silver reserves improve.

In the first week of May, Government contracted Rs. 4 crores of currency against gold bullion, reducing gold bullion in reserve to Rs. 23.91 crores and notes in circulation to Rs. 156.60 crores. This contraction represented the transfer of an equivalent amount in sterling from the Gold Standard Reserve in London to the Secretary of State for Home charges and its replacement in India. A further

Further contraction of currency.

contraction of Rs. 5 crores for the same purpose was made in the third week, decreasing notes in circulation to Rs. 153.71 crores and gold bullion in reserve to Rs. 19.85 crores. Silver coin and bullion continued to increase and now amounted to Rs. 126.71 crores, leaving the metallic reserve ratio practically unchanged at 95.35. In the following three weeks both silver coin and gold bullion increased, the former to Rs. 128.57 crores and the latter to Rs. 20.22 crores, but Government contracted Rs. 3 crores against rupee securities, leaving notes in circulation little altered at Rs. 153.30 crores. Securities in India were reduced to Rs. 4.49 crores, while the metallic reserve ratio improved to 97.06. At this juncture, the rupee sterling exchange became weak, touching the lower gold point, and Government had to sell sterling. Having no resources in England in the Paper Currency Reserve, Government again had recourse to the Gold Standard Reserve and gold was earmarked in India from the Paper Currency Reserve. This continuously reduced the gold bullion in the Paper Currency Reserve as well as notes in circulation, although in the case of the latter the increased return of silver coin and gold bullion to the treasury partly checked the decline. By the end of June notes in circulation decreased to Rs. 152.53 crores and gold bullion to Rs. 17.13 crores. Silver coin and bullion, on the other hand, increased to Rs. 130.03 crores.

Silver coins in reserve continue to increase.

Note circulation declines.

After a small increase in notes in circulation during the first week in July as a result of the return of silver coin and gold bullion, the circulation declined in the second week by nearly 1½ crores to Rs. 152.23 crores owing to a contraction of Rs. 3 crores against the gold reserve, which was reduced to Rs. 14.90 crores. Securities in India at this juncture began to increase, probably due to sales of silver bullion by Government in foreign markets, and by mid-July amounted to Rs. 6.24 crores. The metallic reserve ratio to circulation still amounted to 95.89.

Gold reserves depleted.

In the succeeding four weeks notes in circulation began to mount up, reaching Rs. 156.51 crores on the 15th August, mainly as a result of the return of rupee coin to the treasury. Despite sales of silver bullion by Government amounting to Rs. 14.41 lacs, silver coin and silver bullion in reserve aggregated the large figure of Rs. 132.84 crores. Gold bullion also increased during this period by Rs. 141 lacs to Rs. 16.31 crores. Securities in India further advanced to Rs. 7.34 crores.

Rupee coins return in large blocks and note circulation increases.

This was, however, followed by five successive weeks of decline in note circulation. Government sold large amounts of sterling, necessitating the transfer of gold from the Paper Currency Reserve to the account of the Gold Standard Reserve in India. Notes in circulation declined to the low level of Rs. 146.22 crores and gold bullion to Rs. 4.48 crores on 22nd September. Silver coin was still returning but a part of the bullion was sold by the Government in foreign markets, so that the aggregate silver reserve declined slightly to Rs. 132.53 crores on the same date. Securities in India on the other hand increased to Rs. 9.19 crores. The metallic reserve ratio to circulation decreased from 95.30 to 93.71.

Notes in circulation and Gold Reserves reach low level.

Conditions materially altered with the abandonment of the Gold Standard in Great Britain and the consequent issue of the Ordinance in India regulating sales of gold and sterling by Government. No more applications for sterling were received and Government expanded currency in order to meet heavy maturities of treasury bills during October. A further but temporary increase of Rs. 2½ crores in notes in circulation was effected in the last week of September against Imperial Bank of India Internal Bills of Exchange. The circulation increased within a month by about Rs. 13½ crores to Rs. 159.75 crores and would have increased still further had it not been for the fact that silver coin was actually being withdrawn instead of coming in as it had been doing for several months previously. The silver portion of the reserve declined by about Rs. 2 crores to Rs. 131.57 crores, while gold bullion remained practically unchanged at Rs. 4.29 crores, on 31st October. Securities in India increased to the large figure of Rs. 23.88 crores and the metallic reserve ratio to circulation decreased by 10 points to 85.05.

Conditions change.

Currency expanded.

Rupee coins withdrawn from treasury.

Further expansion of currency to the extent of over Rs. 25 crores was made during November and December against rupee securities and notes in circulation at the close of the year stood at Rs. 179.30 crores as compared with Rs. 161.34 crores at the end of 1930. Rupee securities which stood at Rs. 4.49 crores on 15th June increased towards the close of the year to Rs. 49.25 crores. The total expansion of currency since the abandonment of the Gold Standard in Great Britain and India to the close of the year amounted to about Rs. 40 crores, which practically offset the contraction of currency made both against gold and *ad hoc* securities during the year. This large expansion was necessitated owing to the heavy purchases of sterling amounting to £19,812,000 by Government from the market. It was also partly due to meet the excess of treasury maturities over renewals. Silver coin continued to be withdrawn from treasury for circulation and their total which had stood as high as Rs. 126.93 crores at the end of August, declined to Rs. 115.04 crores at the end of the year. Silver bullion, however, increased slightly every week and at the end of the year amounted to Rs. 7.94 crores. Gold bullion throughout this period was practically unchanged at about Rs. 4½ crores, but the metallic reserve ratio which was as high as 97.06 on 15th June was reduced to 71.13 at the end of the year.

Further expansion of currency and a considerable rise in rupee securities in reserves.

Total expansion.

TREASURY BILLS.

The year opened with a floating debt of Rs. 57.09 crores comprising of three, six and nine months' treasuries, the latest maturities extending into the first week of July. Tenders for Rs. 2 crores a week for six and three months' bills were invited throughout the year though in February nine months' usance was also added, but the total amount of weekly tenders still remained the same. Subsequently, however, on the 14th April, the amount of tenders was raised to Rs. 2½ crores. On the 15th May the amount was reduced to Rs. 2 crores, and from that date until the end of year it remained unchanged. The sale of nine months' bills was suspended from the first week in July both by tender and on tap.

Tenders invited every week.

Intermediate bills available.

Intermediate bills of the same usance were available alongside tenders, rates being changed from time to time in accordance with the allotment rates of weekly tenders.

Three months' bills popular.

Three months' bills were very popular and attracted most money. In the first week the applications amounted to over Rs. 3 crores and Government accepted Rs. 196.50 lacs at an average raté of Rs. 5-14-0 per annum. Intermediate bills sold between 23rd December 1930 and 5th January 1931 amounted to the large figure of 345.25 lacs at Rs. 98-9-0 per cent. Applications were extraordinarily large owing to there having been no tenders during the last week of December 1930. Applications shrank considerably in the second week however, totalling Rs. 178.25 lacs, of which Government accepted Rs. 101.50 lacs at Rs. 5-13-9. Intermediate bills still sold largely being Rs. 283.75 lacs at last week's rate. Applications further declined in the third week since open market rates for call funds and time money were competitive and the trade demand was improving. The minimum allotment rate was therefore reduced by two annas six pies to Rs. 98-6-0, and Government accepted Rs. 111.75 lacs at an average rate of Rs. 6-4-10 per annum. Intermediates sold amounted to Rs. 153.50 lacs and the rate for these also was reduced to Rs. 98-7-6 for the following week. The pressure for funds to finance the movement of crops was so great that even the increase in the yield on three months' bills to 6½ per cent. did not attract large amounts. Government were able to sell only Rs. 37.25 lacs of bills in the last week of January, and the intermediates sold amounted to Rs. 40 lacs.

Applications shrink.

Sales improve.

February saw no change in either allotment or tap rates, and moderate amounts were sold every week. The total sales of six and three months' bills during the month amounted to about Rs. 848.25 lacs, but they were largely offset by maturities. The three months' bills remained the most popular of all the issues, and as the trade demand was gradually diminishing, larger amounts began to be tendered. In the first week of March over Rs. 3 crores of applications were received and Government accepted Rs. 166.50 lacs at Rs. 6-8-0 per annum. Intermediate bills to the extent of Rs. 176.75 lacs were also sold in the same week.

Applications pour in.

Applications continued to pour in every week and Government gradually reduced the yield to Rs. 6-3-6 per cent. at the end of March. Intermediate bills sold during this period were also very large and these, together with sales by tender, aggregated Rs. 16.29 crores during March. Six months' bills, which had hitherto remained unattractive, began to draw in larger amounts and compete with the three months' investment so much so that the total sale of these bills during April amounted to Rs. 11.17 crores, (as compared with Rs. 315.50 lacs during the preceding month), and the yield on them was reduced to Rs. 5-15-11 per cent. by the end of April. Since the reduction in the yield on three months' bills was accompanied by an equal fall in the return on six months' bills, investors again preferred the former class and more application began to be received. The total sales during May amounted to Rs. 16.47 crores and

Yield reduced.

the yield was reduced further to Rs. 5-10-2 per cent. per annum. Trade was very slack and as the yield on treasury bills was more favourable than that on long-term Government securities, the bills naturally drew in all surplus funds.

Large sales during June at lower yield.

Sales of three months' bills during June totalled Rs. 14.50 crores and the yield was further lowered to Rs. 5-9-4 per cent. per annum by the end of the month. There was a perceptible fall in applications for six months' bills, since the maturity covered a part of the busy season.

Three months' bills remain attractive.

In July there was a still further decline in the sale of six months' bills, three months' being the most attractive issue. The total sales of the latter during this month were Rs. 16.91 crores and the average rate of acceptance declined to Rs. 5-8-9 per cent. per annum at the end of the month.

Allotment rates raised.

Since mid-July economic conditions in some European States, as well as in Great Britain, had been very bad. The Bank of England discount rate was raised from the low level of 2½ per cent. to 4½ per cent. within a fortnight. This was not without its repercussions in the local market, and the Imperial Bank raised its rate from 6 to 7 per cent. as from 6th August. Fearing a withdrawal of foreign funds invested in Treasury Bills on maturity, Government put up the allotment rates by over one per cent. to 6-3-4 in the case of six months' usances and by ⅜ per cent. to 5-15-11 in the case of three months' bills. The rates were gradually raised weekly, reaching about 6½ per cent. by the end of August.

Foreign funds withdrawn.

The higher rates did not, however, attract funds; in fact large amounts were being remitted abroad on foreign accounts on maturity. The applications fell off considerably and by mid-September the total weekly sales of all usances fell short of even Rs. 2 crores.

Further rise in return.

Following the rise in the bank rate to 8 per cent. as a result of momentous changes in the currency policy of Great Britain and India on 21st September, the return on Treasury bills was raised from 6½ to 7¼ per cent. Even this did not attract investment on any large scale. However, as things began to settle down, applications grew in size and after mid-October quite large amounts were once again invested. The sales during October aggregated Rs. 13.79 crores.

Sales improve.

The yield of 7¼ per cent. was very attractive and large applications were received every week for three months' bills up to mid-December. At this juncture, however, the demand slackened somewhat owing to seasonal requirements in connection with crop movements and to the uncertain political situation. The sales during the two months, November and December, amounted to Rs. 884.50 lacs and the total during the whole year (tender as well as intermediate) to Rs. 155.91 crores. The outstanding balance of these bills at the close of the year amounted to Rs. 37.17 crores, the latest maturities running into March 1932.

Six months' bills were not attractive at first, since these extended over the whole of the busy season and the yield was comparatively lower than that on three months' bills. In the first week only Rs. 3.50 lacs were sold by tender and Rs. 1.75 lacs on tap at an average return of Rs. 4-14-0 per annum. In the second week the total sales amounted to Rs. 10.25 lacs. In the following week, however, Government accepted tenders for Rs. 23.75 lacs at as low a rate as Rs. 97-4, giving an average return of Rs. 5-7-11 per annum, *i.e.*, $\frac{5}{8}$ per cent. higher than in the previous week. The rate for intermediate was reduced to Rs. 97-5. The reduction in the rates did not achieve its object; in fact only Rs. 13.00 lacs bills, including intermediates, were sold in the concluding week of January. The sales did not improve during February and the total amount placed on the market was Rs. 90.25 lacs.

Six months' bills unattractive at opening.

During March some improvement was noticed in the sales despite no change in the allotment rate, which still remained at Rs. 97-4 per cent. Rs. 343.75 lacs worth of bills were sold due to the fact that the maturities now covered a portion of the slack season. Applications were larger during April and the total amount accepted for the month was Rs. 11.83 crores. The yield was reduced from $5\frac{1}{2}$ per cent. to about $5\frac{1}{4}$ per cent. at the close. A further reduction during May of $\frac{3}{8}$ per cent. in the return to $4\frac{7}{8}$ per cent. made investment in these bills less attractive than in three months' bills which yielded about $\frac{3}{4}$ per cent. better. The sales during this month amounted to only Rs. 649 lacs.

Some improvement in sales noticed.

Yield reduced.

No change was made in the allotment rates during June and sales remained low totalling Rs. 158 lacs for the month.

On the suspension of the sale of nine months' bills in early July, the sale of six months' bills showed a slight improvement, although it was still very small in comparison with that of three months' bills. The total for the month was Rs. 196 lacs but the yield was unchanged at about $4\frac{7}{8}$ per cent.

Sales improve.

In August the yield was increased by nearly $1\frac{1}{2}$ per cent. to $6\frac{1}{2}$ per cent. owing to financial troubles in Great Britain and on the Continent, but despite this the sales did not show any material improvement. Three months' bills at the same return found more favour with the investors. The total sales for the month improved slightly to Rs. 354.75 lacs.

Yield increased on six months' bills.

As the situation in Great Britain and in Europe worsened during September, causing the former country to slip off the gold standard, foreign funds not only ceased to be invested in Indian bills, but large amounts were actually withdrawn on maturity. An additional factor operating against the sale of these bills was the fact that their maturity covered a major portion of the busy season. Accordingly the total sale during September and October was very small, being Rs. 249.75 and Rs. 381.50 lacs respectively despite the rise in the return to $7\frac{1}{4}$ per cent. in early October.

Applications dwindle.

For reasons stated above these bills remained comparatively unattractive during the months, November and December. Their sales both by tender and on tap amounted to Rs. 364 lacs. However, Government gradually increased the allotment rate from Rs. 96-6 to Rs. 96-10 for tender and from Rs. 96-8 to Rs. 96-11 on tap. The total sales of this usance during the year amounted to Rs. 40.05 crores and the outstanding balance at the close was Rs. 15.36 crores, the latest maturity running into June 1932.

Six months' bills become unattractive.

The sale of nine months' bills was introduced by tender alongside three and six months' usance as from 3rd March. This action was viewed rather favourably by the market, since it provided an opportunity for investment over the whole of the slack season. In the first week of their issue, the sale was not encouraging, being only Rs. 3.25 lacs at the average rate of Rs. 5-0-4 per annum. In the following week, however, the sales improved to Rs. 34.50 lacs and this level was maintained throughout March, the total sales since their inception up to 31st March being Rs. 105 lacs. The sales were smaller than was generally expected owing to the fact that the return offered was not sufficiently attractive.

Nine months' bills introduced.

During April the sales showed some improvement, as intermediates were also introduced from the 15th. The total sales for the month were Rs. 320 lacs at an average return of about 5 per cent. This return was considered insufficient by the market, since nine months' investment covered the first two to three months of the busy season, while six months' bills, which were also available at almost the same return, matured at the beginning of the season. Finding the applications very small, Government suspended the sale of nine months' bills from 3rd July. The total amount sold from their inception in March to the date of suspension aggregated Rs. 873.25 lacs.

Applications shrink and sale suspended.

GILT-EDGED MARKET.

The gilt-edged market opened easy owing to investment being largely confined to treasury bills, which were continually on offer, and to the uncertain political situation in the country. 3½ per cent. Paper declined in the opening week from Rs. 63-8 to Rs. 62-10 and 5 per cent. 1945/55 Loan was quiet at Rs. 100-7. 6 per cent. 1933/36 Bonds went back from Rs. 100-10 to Rs. 100-6. In the following two weeks the market remained inactive but steady, except 3½ per cent. Paper and 5 per cent. 1945/55 Loan, which rose on speculative demand, the former to Rs. 63-0 and the latter to Rs. 100-12.

Market opens easy.

In the concluding week of January, there was some improvement in the political outlook, when important Congress leaders were released from jail. The market reacted somewhat to the news and 3½ per cent. Paper improved to Rs. 63-4. Other scrips were fully maintained except 6 per cent. 1933/36 Bonds which declined to Rs. 100-1. The news of the release, however, coincided with reports that the Government of India were contemplating a sterling loan issue in London, with the result that India

Political outlook improves and prices react.

sterling stocks declined sharply and the steadiness manifest in the local market gave way to a weaker tendency. 3½ per cent. Paper declined to Rs. 62-10 and 5 per cent. 1945/55 Loan to Rs. 100-7; 6 per cent. short-term Bonds lost about 3 annas, 1931 bonds being quoted at Rs. 100-4, and 1932 at Rs. 101-4. For the first time, since their issue in July 1930, 6 per cent. 1933/36 Bonds were quoted at a discount of 2 annas.

New India Sterling Loan issued.

The terms of the New India Sterling issue were released on 7th February and cash subscriptions were opened on the 9th to be closed on the 10th or earlier. Conversion applications were also to be opened on the 9th, but were to close on or before the 21st February. Cash subscriptions were invited to the extent of £12 million, the bonds to bear 5½ per cent. interest. The issue price was fixed at £97 repayable at par on 15th July 1938, if not paid earlier in 1936. The holders of 5½ per cent. sterling stocks maturing on 15th January 1932 were given the option of surrendering their holding in whole or in part in exchange for the new bonds at the rate of £103-12-6 of the latter for each £100 nominal of the stocks surrendered. The conversion offer was limited to a total amount of £5 million. The payment of cash subscription was to be in instalments, £5 on application, £25 on the 27th February, £35 on 17th March and £32 on 7th April.

Loan oversubscribed.

The loan was oversubscribed and 79 per cent. of cash applications were allotted, while conversions were also closed earlier than the final date. Upon the announcement of the allotment figure, which was far larger than was generally expected, the loan was immediately quoted 5/16 to 9/16 below the issue price.

No facilities to Indian holders.

With regard to the conversion offer no facilities were given to Indian holders. The time allotted was so short that it was not possible to ship the bonds from India to reach London in time for conversion. Even those who held bonds in London could not take advantage of the offer, as their endorsement was necessary before the bonds could be accepted. The Imperial Bank was not allowed to accept any conversion offers, though they acted as Government agents for receiving cash subscriptions. Indian holders were thus placed at a distinct disadvantage as against foreign holders. This caused great resentment among the investing public and representations were made to Government to grant at least equal facilities to Indian holders.

Discount on new Sterling Loan causes prices to decline.

As a result of the discount on the new sterling issue, rates in the local market became easier. 3½ per cent. Paper declined to Rs. 62-10 and 5 per cent. 1945/55 Loan to Rs. 100-2. 6 per cent. Bonds 1931 and 1932 receded to Rs. 100-3 and Rs. 101-3 respectively. The business transacted was, however, restricted in volume.

Prices decline further.

Next week prices declined further following a big drop in India sterling stocks. The New India Sterling loan touched a discount of 2⅝ per cent. though it soon reacted to 1¾ per cent. 3½ per cent. Paper fell as low as Rs. 61-12 and 5 per cent. 1945/55 Loan was quoted at a discount of 5 annas. 6 per cent. 1933/36 Bonds were placed six annas below par and 4 per cent. 1960/70 Loan declined about 8 annas to Rs. 73-8.

At this juncture the market assumed a hesitant tone due to the approach of the General Budget. Fluctuations were narrow and business small. 3½ per cent. Paper moved between Rs. 61-7 and Rs. 61-15 while 1945/55 loan improved to Rs. 100. 6 per cent. Bonds on the other hand receded, 1931 to Rs. 100 and 1932 to Rs. 100-14. 1933/36 were slightly lower at Rs. 99-9 with 4 per cent. 1960/70 down by 5 annas to Rs. 73-3.

A hesitant tone prevails.

Following the Budget announcement on the 28th February, proposing heavy increases in the income tax, the market developed weakness and 3½ per cent. Paper fell to Rs. 61-6. This decline was, however, more than counteracted by the announcement from Delhi of a political truce, and prices fully recovered. 3½ per cent. Paper rose sharply to Rs. 62-8. It was reported that purchases of scrips carrying sinking fund provision were being gradually made on behalf of Government and as a consequence 5 per cent. 1945/55 loan rose to Rs. 100-2, 1939/44 to Rs. 92-4 and 1929/47 to Rs. 94-4.

Market develops weakness.

The recovery was maintained and prices began to rise. Some investment demand also appeared, which, together with covering by bears, caused the price of 3½ per cent. Paper to reach Rs. 64. 5 per cent. 1945/55 saw a sharp rise to Rs. 101-8 and 1939/44 improved to Rs. 92-14. 6 per cent 1933/36 Bonds were once again quoted above par at Rs. 100-1. In the following week no changes of any importance occurred in prices and the market was comparatively inactive.

A slight reaction occurs.

In the concluding week of March prices gave way owing to weak advices from London and uncertainty about the final outcome of the Finance Bill on the question of income tax. 3½ per cent. Paper declined to Rs. 62-15 and 5 per cent. 1945/55 to Rs. 100-15. 5 per cent. 1929/47 and 1939/44 still maintained steadiness owing to purchases for sinking fund and were quoted at Rs. 94-4 and Rs. 93 respectively. Investment demand was confined to short-term bonds but on a small scale.

Prices give way.

Throughout April there was little variation in prices except in 3½ per cent. Paper which fluctuated both ways on speculative operations. The movements were comparatively small, being confined between Rs. 62-9 and Rs. 63-3. The volume of turnover was also restricted, treasury bills attracting almost all surplus funds with short-term bonds ranking next. 5 per cent. 1945/55 loan was maintained at about Rs. 101, while 1939/44 improved to Rs. 93-11 on purchases for sinking fund. 6 per cent. short term bonds were slightly better, 1931 at Rs. 100-5, 1932 at Rs. 101-2 and 1933/36 at Rs. 100-5.

No variation in prices.

The first three weeks in May saw little movement in security prices and the market ruled very dull and inactive. Following the issue of a communique by the Government of India on the 20th announcing the flotation of a second sterling loan for £10 million at par bearing 6 per cent. rate of interest, repayable on the 15th December 1934, if not redeemed previously on 15th December 1933, prices in the local market tended to be easier, 3½ per cent. Paper declining to

Market continues inactive and a second India Sterling Loan issued.

Rs. 61-7-6 and closing at Rs. 61-12 at the end of the month. 5 per cent. 1945/55 loan dropped from Rs. 101-10 to Rs. 100-14. All other issues receded slightly.

The subscription list for the new sterling loan was kept open only one day, and for the benefit of Indian subscribers, the Imperial Bank of India received applications and transmitted them to London by cable. The Government of India were obliged to issue this loan because they had not been able to remit any thing to the Home Treasury since the beginning of the Financial year except by small transfers from the Paper Currency Reserve. In fact during the whole busy season (December to April) Government were unable to buy sterling in the open market for remittance to the Home Treasury and little reliance could be placed upon the slack season.

World financial situation.

Judged from the international standard of money rates, 6 per cent. seemed rather high but the Government of India could not expect to raise a loan under 6 per cent. and even at this level, it was doubted if subscriptions for the full amount would be received, in view of the political situation in India and the consequent want of confidence. Government had to face the fact that the 5½ per cent. India Sterling Loan issued a few months earlier was quoted at £ 2 below the issue price, and they had also to bear in mind the maturity of £ 15 million 5½ per cent. India Stock in January 1932. It would have been inexpedient to risk the failure of this loan by offering a slightly lower rate of interest, which would have had an adverse effect on future issues.

New Sterling Loan fails.

These fears were justified by the result. It was reported that about 62 per cent. was left with the underwriters and the loan was immediately quoted at a discount of 1⅜ per cent. This was a clear reflection of the nervous feeling of British investors about the political situation in this country.

Market develops renewed weakness.

The market now developed extreme weakness. India sterling stocks fell sharply, 3½ per cent. losing as much as £ 7 within a week to £ 53. Discount on the new 6 per cent. bonds rose to 2 per cent. Among rupee securities 3½ per cent. Paper declined to Rs. 59-13 and 5 per cent. 1945/55 free of tax lost over a rupee to Rs. 99-13. All the other issues were a fraction easier, but business was small. An additional factor making for easier rates in the local market was the uncertainty surrounding the issue of the new Rupee loan, which it was feared would have to be issued at a comparatively higher rate of interest to attract funds, especially as the income-tax had been raised considerably during the year. Furthermore treasury bills were competing for investment and absorbing large amounts every week.

Prices decline further.

Prices declined further, notably 3½ per cent. Paper which touched Rs. 59-6 by mid-June. Even short-term bonds appeared to lose favour with investors although many of these yielded as much as 6¼ per cent. Confidence was being gradually undermined, and the market remained quiet and dull almost till the end of the month. Then the announcement of one year's moratorium for war debts by President Hoover and the Premier's assurance of financial assistance to India if necessary to

maintain her credit caused a healthy reaction. The tone, however, remained erratic and hesitant pending the announcement of the expected new rupee loan, and investment demand lagged behind. 3½ per cent. Paper improved to Rs. 60-6 and 1945/55 loan touched Rs. 100-2 in early July.

Economic situation on Continent worsens.

At this stage the economic situation in Great Britain and Europe became serious and rates in the local market fluctuated sharply following good or bad news. 3½ per cent. Paper after improving to Rs. 61-6 declined to Rs. 59-11, but closed at Rs. 60-7 on 17th July. Other issues were not much altered and little business passed. During the second half of the month, the market remained very quiet and any movements were confined to 3½ per cent. Paper, which declined to Rs. 59-3 following the rise in the Bank of England discount rate by 2 per cent. to 4½ per cent. within a fortnight. This was followed by a rise of 1 per cent. in the Imperial Bank rate to 7 per cent., effective on 6th August. Prices of all scrips eased, 3½ per cent. Paper declining to Rs. 59, 5 per cent. 1945/55 to Rs. 99-12, and 6 per cent. 1932 to Rs. 100-11. Long term loans were particularly weak, 1960/70 loan dropping to Rs. 71-12.

Prices marked down lower.

Prices were marked down still lower in the following two weeks owing to vicissitudes in the Indian political situation and the international financial imbroglio. There was a complete absence of investment demand, surplus funds finding their way into treasury bills. 3½ per cent, Paper declined to Rs. 57-9 with a fair amount of speculative business. 5 per cent. 1945/55 loan quietened to Rs. 99-10 and 1939/44 to Rs. 92-14.

New Rupee Loan issued.

On 1st September the Government of India announced the long-awaited new rupee loan. Subscriptions were to commence from 15th September and were to remain open until further notice. The issue was in the shape of Treasury Bonds repayable at par on 15th September 1935, bearing interest at 6½ per cent. per annum less income tax.

Terms of the loan.

The Bonds were issued for an unlimited amount at the local head offices and Indian branches of the Imperial Bank of India, at Government Treasuries and at all post offices conducting savings bank business, upto a maximum of Rs. 20,000, at prices varying according to dates as under :—

	Rs.	a.	p.
From 15th to 19th September 1931 at	100	0	0
„ 21st to 26th „ 1931 at	100	2	0
„ 28th to 3rd October 1931 at	100	4	0
„ 5th to 10th „ 1931 at	100	6	0

and thereafter at prices increasing by annas 2 per cent. weekly until further notice.

The loan could be purchased by converting maturing 1931 bonds or by payment in cash or by cheque. Treasury bills were also accepted on or after the day on which they fell due in lieu of cash at their face value.

A novel feature of the loan was that it could be bought through the post office, and provided the bonds were deposited in the custody of post office, they were to be free of income-tax. The Post and Telegraph rules No. 46 (5) (b) and 48 (1) enact that so long as Government Securities, purchased through the Post office remain in the custody of the Accountant General, Post and Telegraphs, the interest thereon is exempt from income-tax.

High rate of interest offered.

It is indeed a pity that Government had to offer so high a rate of interest to attract money in India. Apart from international causes, the deterioration of India's credit was largely due to the futile political policy of bargaining and parleying followed by the Labour Government and the delay in making drastic retrenchment in public expenditure in India.

Prices weaken further.

Following this announcement, prices of existing stocks particularly of long-term ones weakened. 3½ per cent. Paper fell to Rs. 56-1, 5 per cent. 1945-55 loan to Rs. 98-14, 1935 to Rs. 94-12 and 1939-44 to Rs. 91. 4 per cent. 1960-70 loan suffered a sharp decline to Rs. 68-8 and 4½ per cent. 1955-60 loan from Rs. 82 to Rs. 80-12. The weak tendency continued and was further aggravated following the abandonment of the Gold Standard in Great Britain and India. Sellers predominated in all issues and prices declined sharply. 3½ per cent. Paper dropped to Rs. 51-9, 1945-55 loan to Rs. 97-4 and 1939-44 to Rs. 89. 6 per cent. 1932 bonds were quoted at par and 1933-36 at Rs. 97. 4 per cent. 1960-70 fell to Rs. 63 and 4½ per cent. Loan due 1955-60 to Rs. 77.

A press communique of the 22nd September stated that sales of 6½ per cent. Treasury bonds due 1935 upto 19th September amounted to Rs. 9.75 crores. The result was considered very satisfactory in view of the abnormal conditions prevailing in international finance.

Sale of New Loan suspended.

Sale of 6½ per cent. Treasury Bonds due 1935 ceased as from 12th December, total sale amounting to some Rs. 16½ crores.

Speculation in 3½% Paper rampant.

Speculation in 3½ paper had become rampant and the Board of Directors of the Bombay Stock Exchange decided as an emergency measure to close forward dealing in securities from the 16th October settlement, which induced large bear covering in 3½ per cent. Paper, causing the rate to rise to Rs. 53-12. The interim financial proposals of the Government of India which included a surcharge of taxes on income, caused the rate to decline to Rs. 51-14 in early October. Prices of other scrips also declined, 5 per cent. 1945-55 to Rs. 95-12, 1939-44 to Rs. 87-8, 4 per cent. 1960-70 lost three points to Rs. 61, while 1955-60 loan dropped to Rs. 75.

Forward dealings stopped.

The decision of the Board seemed hardly justified at this juncture when the price of 3½ per cent. Paper had already dropped nearly Rs. 10. In fact there had been general public resentment since settlements were fixed fortnightly instead of monthly, and this action further increased the resentment.

Prices declined in the first half of October owing to selling pressure caused by the uncertain financial and political situation. Even 6½ per cent. new Treasury Bonds were quoted at a discount of 8 to 12 annas. 3½ per cent. Paper fluctuated rather widely as forward dealings ceased from the 16th, and the price, after being as low as Rs. 50-9, improved on bear covering to Rs. 51-4. 5 per cent. 1945-55 declined from Rs. 92-8 to Rs. 90-8 and 6 per cent. 1933-36 Bonds were quoted at Rs. 90-8. Even the Bombay Development 6½ per cent. (free of tax) Loan went to a small discount. 4 per cent. 1960-70 Loan fell to Rs. 58-4 and 4½ per cent. 1955-60 to Rs. 69-8.

New Bonds quoted at discount.

The propects of a National Government being returned to power in Great Britain created a confidence and there was a sharp rise in India sterling stocks followed by a rise in the local market. A buoyant tone was manifest and investment on a small scale appeared. 3½ per cent. Paper rose by about Rs. 5 to Rs. 55-6 by the beginning of November with an improving tendency. 5 per cent. 1945-55 Loan gained 4 points to Rs. 94-10, and 6½ per cent. Bombay Development Loan was quoted at Rs. 101-2. There was in fact an all round recovery in rates.

Improving tendency noticeable.

The rise, however, was checked pending the final outcome of discussions in the Legislative Assembly on the Supplementary Finance Bill. Investors were naturally cautious and there was a feeling that Government would again penalise those who lend money to them by certifying taxes on incomes, although similar powers might not be used in case of other taxation, merely out of fear of offending the opponents. The political situation also was uncertain.

Rise checked.

Although prices were maintained up to the last week of November a sharp fall occurred towards the end of the month, following a drop of about £4 in 3½ per cent. India sterling stock. In the local market 3½ per cent. Paper declined from Rs. 55 to 53 and 5 per cent. 1945-55 Loan lost about a rupee to Rs. 93-6. All other issues suffered fractionally and investment demand was practically absent. The fall continued and by mid-December the entire gain in the price made since the return of the National Government in Great Britain was lost. 3½ per cent. Paper declined to Rs. 51-10, and 5 per cent. 1945-55 Loan to Rs. 90-12; 6 per cent. 1932 Bonds were quoted at Rs. 99-4 and 1933-36 declined to Rs. 93-10. During the remainder of the month price movements were narrow with a limited turnover. 3½ per cent. Paper closed at Rs. 51-14 and 1945-55 Loan at Rs. 89-12.

Sharp fall occurs.

RAILWAY BUDGET.

The Hon. Sir George Rainy, Commerce and Railway Member of the Government of India, introduced the Railway Budget for the year 1931/32 in the Legislative Assembly on Wednesday, the 17th February, 1931.

At the outset the Hon. Member stated that both the revenue and expenditure figures for 1930/31 were very disappointing inasmuch as commercial earnings had suffered a loss of Rs. 293

lacs against the budgetted gain of some Rs. 6 crores, this being the first deficit year since the railway revenues were separated from the General revenues. The revised receipts under this head were therefore put at Rs. 93½ crores, nearly Rs. 7½ crores less than that of last year. This large decline was due to decreased receipts from passenger and goods traffic, the latter being aggravated by world trade depression causing restricted movement of commodities. Working expenses for the year showed a reduction of about Rs. 1 crore, mainly as a result of economy measures, though much progress had been made towards ameliorating the conditions of the lower-paid employees in the State Railways, about Rs. 25 lacs having been appropriated to that end. Despite retrenchments in repairs, maintenance and operating expenses interest charges were Rs. 2¼ crores more, partly due to the increased interest rate charged on railway capital. The final results of the year 1930/31 revealed a loss of Rs. 293 lacs on commercial lines and Rs. 219 lacs on strategic lines, totalling Rs. 512 lacs. This, together with the sum required to meet the contributions of Rs. 574 lacs to the General Revenues, brought the total loss to Rs. 10,86 lacs and it was proposed to make good this loss from the railway reserves fund, depleting it to Rs. 5½ crores. The depreciation fund would be increased by Rs. 4 crores to Rs. 16¼ crores.

Coming to the Budget for the year 1931/32, assuming a modest improvement in traffic and minor alterations in rates and fares, commercial receipts were estimated at Rs. 99½ crores. Cutting all expenses to the lowest minimum, the Budget year was expected to close with a surplus of Rs. 317 lacs. Setting aside Rs. 196 lacs for loss on strategic lines, the net gain was put at Rs. 121 lacs. This being insufficient to meet the contribution of Rs. 536 lacs to the General Revenues, the reserves must again be raided to the extent of Rs. 415 lacs to leave a balance of 133 lacs in that Fund at the end of the Budget year. The depreciation fund would be increased by 5¾ crores to Rs. 21½ crores.

Regarding capital expenditure, the Hon. Member stated that strictest economy would be effected in all directions consistent with keeping the lines in good conditions to carry traffic. Without undertaking any new schemes, it was proposed to complete all lines under construction. The total expenditure on the works in the programme would require Rs. 21¾ crores, of which Rs. 8¼ crores would be met from the Depreciation Fund and Rs. 2 crores of materials would be found from existing stores. The actual new money thus required on capital account was put at about Rs. 11½ crores as against Rs. 16.75 crores in 1930/31 and Rs. 26.50 crores budgetted in 1929/30.

At the same time the Hon. Member dwelt at great length on measures under consideration by the administration for effecting reduction in all branches, including both lower and superior grades. On the question of rates and fares, it was announced that Government would make such increases as might bring additional revenue, though it was held doubtful whether a general increase would lead to an increase in earnings. Regarding a reduction in freight rates on agricultural products, such as wheat, cotton, rice, etc., the Hon. Member announced that Government could do nothing at present but keep a constant observation on the position, because price levels might so change that a reduction in freight would be beneficial to both the cultivator and the railways. As for

cotton freight reduction, he stated that government were satisfied that no reduction could be made now which would benefit the cultivator.

The total mileage at the end of 1931/32 would amount to 32,105 miles as against 31,522 miles at the end of 1930/31 and 27,430 miles at the end of 1925/26.

The total amount of capital expenditure on the railways would amount to Rs. 795.93 crores at the end of 1931/32.

The Railway Budget made sorry reading in that it almost wiped off the Reserve Fund accumulations of the past several years without any reduction of freight rates on cotton. The plea put forward that the ryots would not benefit was hardly convincing. Besides the agriculturists, the cotton industries at the Ports and our great import trade deserve the attention of the authorities. The freight rates are almost double those before the war, and this places upcountry mills in an advantageous position. It is sincerely hoped that the Legislature will not fail to raise this issue during the general discussion on the Budget.

The business community viewed with favour the drastic cut in capital expenditure in view of disturbed credit which made it difficult for Government to borrow at reasonable rates of interest for longer periods.

BOMBAY BUDGET.

The Hon. Mr. (now Sir) G. B. Pradhan presented the Bombay Government's budget for the year 1931/32 on 17th February 1931.

After explaining fully the necessary measures of economy in expenditure, the Hon. Member stated that the revenue for the year 1931/32 was budgetted at Rs. 15,24 lacs and expenditure at Rs. 15, 89 lacs, with an anticipated deficit of Rs. 65 lacs. Even this was dependent on the Council sanctioning certain new taxes and on the Government of India agreeing to the proposal of the Bombay Government to divert as a temporary measure, the Presidency's share of the petrol fund to ordinary expenditure. To obtain additional revenue the following measures were proposed to be introduced in the Legislative Council for sanction: (1) The Court Fees Act to correspond with that of other Provinces. (2) The Stamp Act to be revised in accordance with the recommendations of the various committees and to include a small duty on forward transactions in all markets and a measure to curtail the life of blank transfers on the Stock Exchange. (3) The transfer of Property Act to be extended to Poona, Ahmedabad and Karachi. (4) It was also proposed to levy a death duty to come into force after the next July session. The first three measures were expected to bring in about 8 lacs of added revenue. Even if all the above bills were to pass, the year would still reveal a large deficit which might have to be met by borrowing. The total debt of the Government of Bombay on 30th April, 1931, stood at Rs. 67.25 crores, including Rs. 20.98 crores to be passed on to local bodies. During the year 1931/32 a sum of Rs. 4.44 crores was to be borrowed and after deducting the repayment of Rs. 81.07 lacs, the outstanding debt at the end of the Budget year will be Rs. 70.88 crores.

THE GENERAL BUDGET.

The Hon. Sir George Schuster, the Finance Member of the Government of India, introduced his third General Budget in the Legislative Assembly on Saturday, the 28th February.

Prefacing his speech with an outline of economic conditions, the Hon. Member pointed out that India, in addition to sharing in the tide of depression in which all countries of the world were involved, had a special problem in the disturbed political situation and the imminence of a great change in the system of Government, with resultant reactions and complications. The coincidence of economic depression and political disturbance had been unfortunate, as either problem could more easily have been solved alone.

Surveying the political situation, the Hon. Member pointed out that though the total volume of India's external trade had been affected by world economic conditions, her internal trade had suffered disastrously on account of political upheavals. Private traders had been put to immense loss and enormous sums had been diverted from productive purposes. Confidence had weakened in Indian investments both at home and abroad, resulting in a decline in the price of securities, in a lack of credit to traders and of capital for new enterprises, and lastly had occasioned a steady efflux of capital abroad.

After surveying the general economic and political conditions, the Finance Member referred to the actual figures of trade wherein he pointed out that during the first nine months of the fiscal year, after allowing for reduction in the price level, exports were less by only 0.4 per cent. and imports by just under 18 per cent., which was only natural as the prices of imported articles had not fallen in the same proportion as those of exports. He mentioned in passing that Indian cotton had steadily gained ground in the world's markets and it was satisfactory to note that during 1930, 727,000 tons of cotton had been exported at a time of diminished consumption throughout the world, as against 702,000 tons in 1929. The Lancashire mills, he said, were taking increased amounts of Indian cotton because of its comparative cheapness and any forcing up of price would react on the tendency toward increased use of Indian cotton.

The revised estimates for 1930/31, instead of showing a surplus of Rs. 86 lacs as budgetted, revealed a heavy loss of Rs. 13.56 crores, Customs revenues accounting for Rs. 9½ crores (cotton piece-goods claiming a share of Rs. 343 lacs and jutes Rs. 85 lacs), Income-tax for Rs. 2.20 crores, Post and Telegraphs for Rs. 1.36 crores and Financial headings (Debt, Services, Currency & Mint) for Rs. 1.38 crores and other heads Rs. 5 lacs.

Before estimating the revenue figures for 1931/32 the Hon. Member emphasised the need for caution in arriving at the figures in view of the fact that recovery of commercial activity from the present abnormal conditions would be slow. Revenues from taxes were estimated to fall by no less than Rs. 13.16 crores, Rs. 8 crores of this coming under Customs Receipts, which were estimated at Rs. 46.40 crores. Taxes on incomes were expected to yield about Rs. 13½ crores, being Rs. 4½ crores less than the budgetted figure for 1930/31. The above two items, together with the fall in the opium revenue due to decreased exports, and other minor deteriorations would

make up Rs. 13.16 crores as the total loss on tax revenues. Posts and Telegraphs were expected to show a loss of about Rs. 80 lacs. Railway Contributions to the General revenues had receded from Rs. 574 lacs to Rs. 536 lacs, *i.e.*, Rs. 38 lacs. Loss on currency due to the decreased volume in circulation caused by the general fall in prices and diminished commercial activity was estimated at Rs. 227 lacs and loss in interest receipts from the Gold Standard Reserve at Rs. 54 lacs due to the lower rate of interest. Increased charges due to high rate of interest on new loans and on borrowings would show a net loss of about Rs. one lac. Increased liability for bonus on cash certificates would require Rs. 16 lacs more. Lastly the automatic increase in the provision for Reduction and Avoidance of debt would absorb Rs. 78 lacs. The total net deterioration for 1931/32, after taking into consideration the estimated surplus of Rs. 86 lacs in 1930/31, was estimated at Rs. 17.24 crores.

To fill in this gap, the military expenditure was cut by Rs. 175 lacs, bringing the figure to Rs. 52½ crores. The civil expenditure was dealt with under two heads, firstly the cuts effected in the budget and secondly the steps taken to ensure lasting retrenchment. Under the first heading departmental expenditure was reduced by Rs. 97 lacs. This figure would have been less but for the windfall of Rs. 54 lacs realised from the sale of an Indo-European undertaking, thus offsetting the extra expenses of Rs. 34 lacs in connection with the census and Rs. 19 lacs for State air service. The cut in the military budget and the saving in civil expenditure reduced the gap to be filled in to Rs. 14.51 crores for which provision was sought in fresh taxation.

Before giving out the actual proposals for new taxation, Sir George Schuster mentioned that in order to enable members to satisfy themselves as to the possibility of further and more permanent economies in expenditure a Retrenchment Committee of five non-officials elected by the Assembly and two officials nominated by the Governor-General would be constituted. He also mentioned that the expenditure in the North-West Frontier Province had been rigorously scrutinised and a Special Committee had been appointed to investigate this matter. Regarding the reduction in the salaries of high officials, the Hon. Member quoted figures and proved that out of Rs. 57 crores spent under this head, only Rs. 16 crores went to officers, British and Indian, and a 10 per cent. cut in the latter, namely Rs. 160 lacs, could not seriously affect the fundamental position. If there were reductions worth considering, the axe should descend down to the lowest ranks. If this was undertaken it would prove very hard on the lower ranks. Also many other considerations should be noted, such as new recruiting terms, etc., before launching actual retrenchment.

The new proposals for taxation covered the two heads of customs and income-tax. Liquors duties were enhanced—the duty on beer by 66 per cent. above the existing level, while those on wine and spirits (except denatured and those used in drugs) were raised by between 30 to 40 per cent. Imports of silver bullion were to be charged at the increased duty of 6 annas per ounce. An excise duty was also imposed on silver bullion. Sugar was subjected to an additional duty of Re. 1-4-0 per cwt. on all grades as recommended by the Tariff Board. Other articles such as betelnuts, spices and exposed cinematograph films were transferred from the general rate of duty (15 per cent. *ad valorem*) to the luxury duty of 30 per cent. A surcharge of 2½ per cent. was added to the 10 per cent. schedule, 5 per cent. to the general or 15 per cent. schedule (which would also be applicable to imports of cotton

piece-goods) and 10 per cent. to the luxury or 30 per cent. schedule. Both customs and excise duties on kerosene were raised by 9 pies per gallon, while motor spirit was to bear a surcharge of 2 annas per gallon. The above proposals were expected to bring in Rs. 9.32 crores more revenue and the import duty of Rs. 50 lacs on galvanised pipes and sheets would augment the total of customs revenues to Rs. 9.82 crores.

Under taxes on income, the minimum income—Rs. 2,000—was not lowered. On incomes ranging from Rs. 2,000 to Rs. 4,999, the tax was raised by 1 pie to 6 pies, from Rs. 5,000 to Rs. 39,999 there was a graded rise of 5, 6 and 7 pies. Incomes from 40,000 to Rs. one lac were to pay 25 pies a rupee, and over one lac Rs. 26 pies per rupee. The rate for super tax was also enhanced. Between Rs. 30,000 and Rs. 50,000 the supertax was fixed at 9 pies. Above Rs. 50,000 the graduated scale of 2 pies would apply. The net increase in revenue from income tax and super tax was estimated at about 5 crores and this together with increase in customs revenue would aggregate Rs. 14.82 crores as against Rs. 14.51 crores required to fill up the gap.

After stating his new proposals, the Finance Member mentioned that these estimates were framed on sound lines, but if internal disturbances were to continue and conditions showed any signs of deterioration, it might be necessary to take Interim measures to avoid deficit at the end of another year.

On the subject of Ways and Means, the Finance Member mentioned that despite the rupee loan of Rs. 29.71 crores and sterling loans amounting to £31 million it was estimated that the amount of treasury bills with the public at the end of 1930/31 would be Rs. 45 crores, *i.e.*, Rs. 25 crores in excess of the budget figure. In spite of drastic retrenchment in railway capital expenditure to Rs. 11.45 crores in 1931/32 and in the borrowing programme of the provinces to about Rs. 9½ crores, the total amount of new money required would be 7¾ crores. Assuming that all this new money was raised in India and that Rs. 7¼ crores of 6 per cent. 1931 bonds were converted, a total loan of Rs. 15 crores only would be required. Regarding sterling operations, he stated that £15 million outstanding from 5½ per cent. 1932 bonds would be converted. Given normal conditions as regards borrowing and remittance from India, no further sterling loan would be required.

On the question of Home Charges, the Hon. Member stated that a substantial export of capital had seriously curtailed the ability of Government to make remittances through the market, necessitating foreign borrowings. Taking into account the sums borrowed in London and the temporary loan from the Imperial Bank which was estimated to be outstanding at £4 million at the end of 1930/31 the Secretary of State would close the year with a balance of £4.8 million. The Home Charges for 1931/32 are estimated at £33⅓ million inclusive of £2.4 million for railway capital expenditure.

Before concluding the Finance Member detailed clearly the Government's currency policy and its effects on the financial situation. He stated that Government was charged firstly with creating a shortage of currency, secondly with incurring heavy floating debts with serious loss to revenues, thirdly with the artificial creation of high money rates, thereby increasing the difficulties of the business world, and lastly with costly sterling borrowings. The Finance Member refuted all the charges in a lengthy and detailed explanation.

On the question of ratio he maintained that currency contraction would have been necessary to maintain the stability of exchange irrespective of a 1/4 or 1/6 level. The fall in prices would have been felt with the same severity and any cry for a change from 1/6 to 1/4 was only for complete unstable currency as opposed to a currency stabilised in relation to gold.

The General Budget, in spite of several good features, was received by the business community with a just feeling of disappointment and resentment. The heavy deficit was most disappointing, and the feeling existed that it was due in large part to the political situation which, combined with the world-wide trade depression, had culminated in the present difficulties. Resentment was felt at the excessive burden of taxation which had been heaped on business men and investors. The increases in the income tax and super tax were unjustly heavy and were strongly resented.

The proposal to tax income from foreign investments was a very sound one and should have been put into effect long ago. It will probably not be of much service at present in bringing back to India capital that has been sent abroad on account of the political situation. This capital will probably not return until political conditions are satisfactory and the currency policy is controlled by a non-political Reserve Bank.

SUPPLEMENTARY FINANCE BILL.

The Hon. Sir George Schuster introduced on 30th September the Supplementary Finance Bill inthe Legislative Assembly, embodying various measures to meet the unusual difficult circumstances and to restore equilibrium between revenue and expenditure.

Outlining the revenue prospects for the year, the Hon. Member pointed out that customs receipts were likely to fall short by at least Rs. 10 crores and income tax by about Rs. 1¼ crores. Railway returns were disquieting and their non-contribution of Rs. 5.36 crores would add further to the loss. General finance headings would be worse by Rs. 2.29 crores, thus bringing the total deficit to about Rs. 19.55 crores. He further stated that as no large improvement could be expected in the budgetary position for the next year also under present circumstances a further deficit of Rs. 19.50 crores might be expected for 1932-33, and thus the total loss for this and the next year would be Rs. 39.05 crores.

To meet this financial loss, Government's contemplated action fell under three distinct lines :—(1) Reduction in expenditure due to more economical organisation of Government departments and restriction of activities, (2) emergency cut in salaries and (3) fresh taxation.

In detailing the first item, the Finance Member stated that Civil retrenchment would bring in Rs. 250 lacs. Army retrenchment would give a saving of Rs. 4½ crores. In the matter of emergency cuts in pay, the Hon. Member pointed out that the cut should be general, temporary and on a fair basis. Bearing these in mind, Government had come to the conclusion that the cut rate should not exceed 10 per cent. in any individual case.

The effect of such economy under the above retrenchment scheme would result as under :— Civil expenditure would be reduced by Rs. 35 lacs in this year and Rs. 115 lacs in 1932-33. Savings from railways, though no figure was mentioned, would only be temporary and surpluses should be made available for reducing freights on agricultural products, but no improvement in the general revenues should be expected from this source. The pay of army officers would be subjected to retrenchment and saving on this account during the current financial year is estimated at Rs. 25 lacs and for the next year Rs. 75 lacs. With this reduction the army expenditure for the next year is budgetted at Rs. 46.65 crores.

Before dealing with fresh taxation proposals, the Hon. Member stated that Government had notified the purchasers of salt of the gradual termination of the system by limiting credits to 3 months as from 1st October 1931 and discontinuing the grant of new credits altogether from March 31, 1932. The additional revenue from this source was estimated at Rs. 1 crore.

Turning to new taxation, Sir George Schuster based his proposals on a temporary surcharge of 25 per cent. on all existing taxes excepting customs export duty. The collection of income tax being on an yearly basis and to avoid hardship of both the surcharge and reduction in salary, it was proposed that during this financial year only 12½ per cent. surcharge would be levied on income and super taxes. The exemption limit would be reduced from Rs. 2,000 to 1,000 and incomes over the latter figure would be subjected to income tax of 2 pies in the rupee in this financial year and 4 pies during the next year.

Import duties were increased on artificial silk from 20 to 40 per cent. as also on camphor and electric bulbs ; on artificial silk yarn from 10 to 15 per cent. ; and on brown sugar from Rs. 6-12 to Rs. 7-4 per cwt. Boots and shoes were subject to a 20 per cent. ad valorem with an alternative of a minimum of 4 annas per pair whichever is higher. The surcharge on these articles would be levied on the increased duty. Further articles which were hitherto imported free were now taxed 10 per cent. Machinery and dyes fall under this category and raw cotton was taxed at half anna per lb.

Apart from taxation proposals, inland postal rates were enhanced, the rate in respect of letters being 1¼ annas and post cards 9 pies. The surplus from this source is estimated at Rs. 73 lacs in a full year which should go a long way to cover the deficit of Rs. 92 lacs in this department.

Summarising the financial position the Hon. Member stated that the year should close with a deficit of Rs. 10.17 crores, but 1932-33 is expected to yield Rs. 24.73 crores surplus with retrenchment measures and extra taxation continuing, thereby leaving an estimated surplus of Rs. 5.23 crores after providing for the above-mentioned deficit of Rs. 19.50 crores. He pointed out that the budget for 1933-34 would thus commence with a surplus of Rs. 5¼ crores which would be made available first to restore the emergency cuts in salaries and secondly in taking off the surcharges on income tax now imposed.

In conclusion, the Finance Member opined that if the process of inflationary action starts, it might be impossible to save the country from a complete collapse of its currency and that had been the experience of all countries whose currencies collapsed after the war. What he wanted was " to erect a solid barrier against the possibility of India getting on to that slippery slope." The Finance Member finished his speech by effectively answering the alleged charge of disappearance of India's currency reserves and stated that " no currency reserves can be large enough to stand up against a lack of confidence in the currency. Reserves are only valuable to tide over temporary difficulties. The real safeguard must be confidence in the soundness of the country's financial situation. If a country meets current expenditure with current revenues, and if further it has a favourable balance of trade, then it can face all the vicissitudes of fortune with confidence and its actual currency reserves are of minor importance."

The taxation proposals were received by the market as a matter of course, since a previous hint as to what was coming had been given by His Excellency the Viceroy in his speech before the Legislature. The policy adopted was one of indiscrimination and all and sundry were made to bear the brunt.

The surcharge of 12½ per cent. during this year and 25 per cent. in 1932-33 on taxes on incomes would seem very hard, particularly in view of the heavy increases imposed in the last budget and there was a general resentment on this score. This must reflect unfavourably on the Government security prices and must make borrowing in future more expensive. The taxable income is reduced from the minimum of Rs. 2,000 to Rs. 1,000, thus reverting to a position which existed prior to 1916 when incomes over Rs. 1,000 paid a tax of 4 pies in the rupees. Incidentally, however, this will enlarge franchise and fill the electoral rolls of the Legislative Assembly.

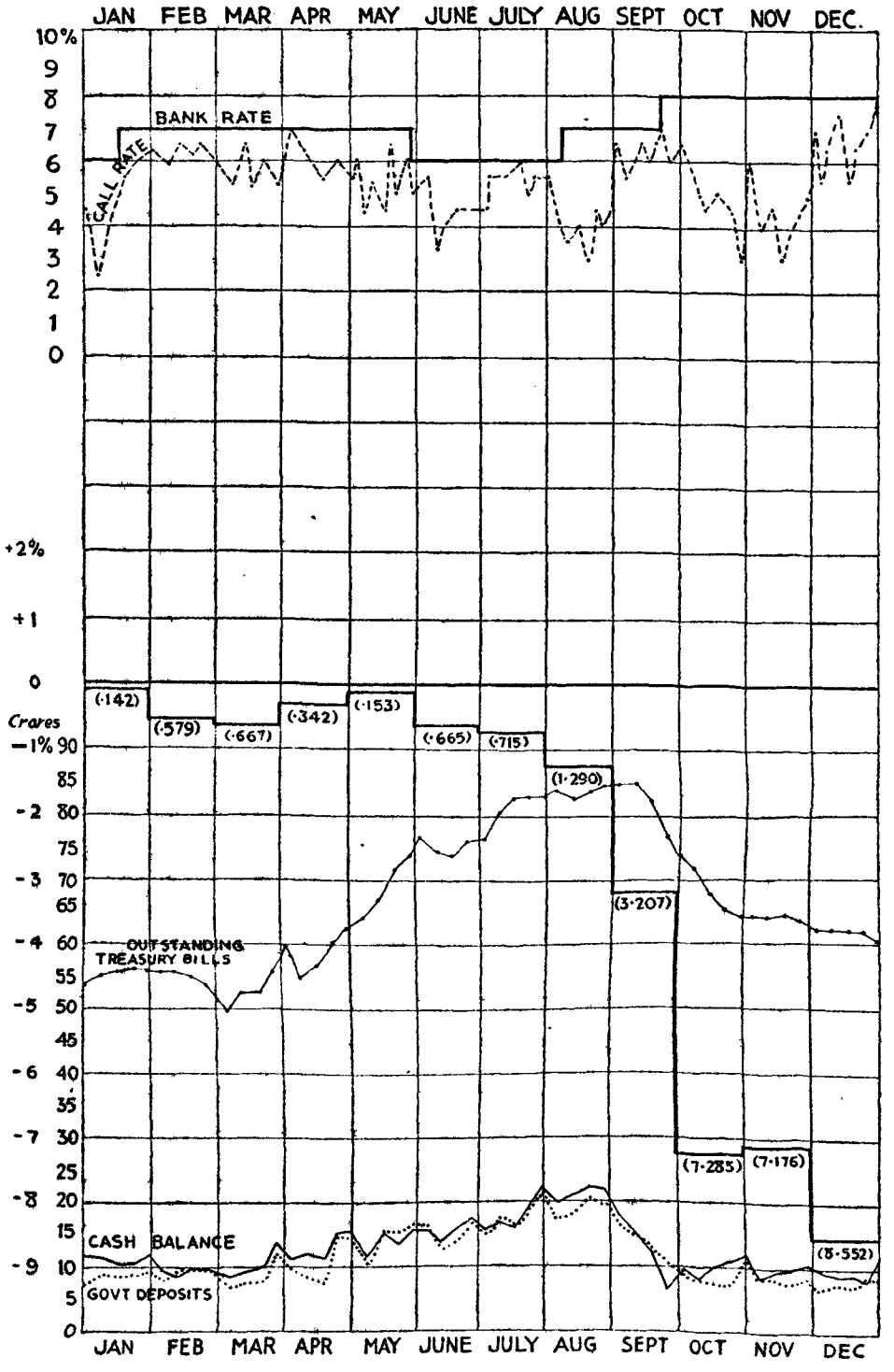
A duty of half an anna per lb. on imported cotton was welcome and one wonders why it was not substantially enhanced. Even this small impost will encourage the growth of long staple cotton in India. The mill industry surely cannot get hurt by this duty since it is amply protected by tariffs and there is additional protection granted by the new surcharge of 25 per cent.

The import duties on the whole have been made unduly high and in view of the reduced purchasing power of the country owing to low commodity prices, the revenue from this source may not come up to expectation.

The special session of the India Legislature opened on 4th November to consider the Supplementary Finance Bill and several of the proposed taxes were passed by the Legislative Assembly, except duty on Machinery, increase in postal rates and reduction of taxable income to Rs. 1,000.

The bill though amended by the Assembly was sent back to the House in its original form by His Excellency the Viceroy for reconsideration. The Assembly, however, rejected the bill, which in its certified form was sent to the Council of State and passed.

MONEY & GOVERNMENT SECURITIES CHART.



NOTE.—The above represent outstanding weekly balances of Treasury Bills, Cash Balance of the Imperial Bank and Public Deposits.

———Represents the monthly rise or fall in per cent. from the opening rates of the year on all Government securities taken at their face value of Rs. 100.

EXCHANGE.

Rupee Sterling Exchange opens quiet.

The sterling exchange market opened dull with sellers of ready T. T. quoting 1*s*. 5-3/4*d*. and buyers 1*s*. 5-25/32*d*. Forward rates also were easy, March being quoted at 1*s*. 5-5/8*d*. Export bills were conspicuous by their absence and transactions were largely in connection with investment in treasury bills on foreign account. Operations were of a " budla " character, involving sales of ready T. T. against three or six months forward purchases. Inquiry for remittances on silver account was manifest on a fair scale, though it was partially offset by export of gold from India to London for exchange purposes. Imports of wheat from Australia were also booked for shipment February to April and amounted to one lac tons valued at Rs. 70 lacs. The demand on Government to sell sterling continued and £ 30,000 was sold during the week ending 3rd January.

Slightly steadier conditions become manifest.

There was no change in rates in the following two weeks, but conditions became slightly steadier towards the end of January with no buyers of ready T. T. at 1*s*. 5-25/32*d*. Forward deliveries also showed an improvement, first half of March T. T. being quoted at 1*s*. 5-11/16*d*. Tight money together with the appearance of export bills for jute and rice in the outside markets accounted for the strength. In the local market export bills were still scarce, while there was a fair enquiry for remittances for investment abroad and for silver imports. Further shipments of 50,000 tons of wheat from Australia were booked. Government sold £ 2,207,495 reverse councils during the last three weeks, making a total of £ 2,237,495 during January.

False rumours *re* change in ratio.

The steadiness manifest in the past week could not be maintained, since there were persistent rumours of a change in the ratio, especially as the time for presenting the General Budget began to draw near. Buyers of ready T. T. reappeared at 1*s*. 5-25/32*d*. with no better sellers than 1*s*. 5¾*d*. Forward rates were also easier and in fact business was only nominal, banks being unwilling to commit themselves without a cover which was seriously deficient.

Shipment of wheat from Australia continued and the total bookings up to 1st week in February amounted to about 3 lacs tons valued at Rs. 2 crores. In addition one lac bales of Egyptian cotton valued at Rs. 3.10 crores were bought.

Mr. Wedgewood Benn's announcement *re* rupee ratio in House of Commons.

The rates were unchanged during the following week, but there was a slightly better feeling following Mr. Wedgewood Benn's statement on 11th February in the House of Commons on the rupee ratio. He said that " the Government regard the rupee ratio question as settled in 1927, when the Indian Legislature passed the Currency Act whereby the rupee was rated at 1*s*. 6*d*. Gold. The Government will use all the means in their power to maintain this rate in accordance with their statutory obligations."

The statement was indeed opportune, coming as it did from a responsible authority like the Secretary of State for India, and it was expected that confidence would be restored.

Market becomes steady.

The market remained steady, particularly during the last fortnight in February, aided by firm money conditions and the appearance of export bills in large quantities in Calcutta. Buyers of ready T. T. at 1*s*. 5-25/32*d*. were scarce once again, but forward rates were little changed.

Rates firm up.

The market became still firmer following the publication of the Hon'ble the Finance Member's Budget speech on 28th February. It was now quite clear that a change in the rupee ratio from the level of 1*s*. 6*d*. was an impossibility and those who had either held back their export bills pending the Budget or had been overbought, began to liquidate their position. Sellers of ready T. T. appeared at 1*s*. 5-25/32*d*. with no buyers under 1*s*. 5-13/16*d*. In the following week rates advanced a further 1/16*d*. when export bills began to appear on a larger scale. Large resales were made by speculators, giving added strength to the market.

Ratio question in the House of Commons again.

The question of ratio was once more dragged for discussion in the House of Commons in the 3rd week of March. The Secretary of State pointed out that the safeguards proposed by the Federal Structure Committee of the Round Table Conference including the powers of the Governor-General in Currency legislation, were essential and could not be abated if they were to set up a new constitution with success.

Foreign investment in T. Bills causes a rise in exchange rates.

Foreign investors who were now more confident took renewed interest in Indian Treasury Bills and large blocks were purchased on their account, involving sales of ready T. T. and purchases of forward. The quotation for sellers improved to 1*s*. 5-27/32*d*. with occasional business placed at 1*s*. 5-7/8*d*. Local trade, however, became very sluggish and once again export bills grew smaller. The rates were maintained at the same level mainly as a result of operations in connection with investment in treasury bills on foreign account and stringent money conditions.

Government sales of sterling.

Sales of sterling by Government during February amounted to £ 1,164,900 while during March no sales were made. The total amount purchased by Government during the financial year 1930-31 was only £ 5,395,000, while £ 8,727,826 was transferred from the Paper Currency Reserve to the Home Treasury of which £ 5,733, 626 represented transfers to meet sales of sterling. The total remittances for the fiscal year amounted to £ 14,122,826, including the portion utilised to meet sales of sterling.

Market inactive.

Throughout April and almost up to the end of May, the sterling exchange market remained comparatively inactive with hardly any change in rates. Sellers of ready T. T. quoted 1*s*. 5-13/16*d*. and buyers 1*s*. 5-7/8*d*. though business at the middle rate was generally possible. The monetary situation as a result of investment in treasury bills was the sole guiding factor of this market, there being little influence by trade factors. Forward rates were practically stationary with a limited turn-over.

No remittances were made by Government to the Home Treasury till 9th May, when a transfer of £ 3 million was made from Gold Standard Reserve in England and a corresponding amount was earmarked in the Paper Currency Reserve for the Gold Standard Reserve account in India. A further transfer of a like amount was made in a similar manner on the 23rd, and the total amount thus remitted from 1st April to 6th June amounted to £ 6,750,000 of which £ 3,000 was utilised on account of sales of sterling effected during the week ending 6th June, 1931. Towards the end of May the tone of exchange became quieter owing to demand for remittances on account of the New India Sterling Loan, the first instalment of £ 50 per cent. in connection with which was payable on 2nd June, and money rates became easier following a reduction of 1 per cent. in the Imperial Bank rate to 6 per cent. with effect from 28th May. Export bills were still scarce, while demand for remittances continued. Sellers of ready T. T. quoted 1*s.* 5-25/32*d.* with buyers at 1*s.* 5-13/16*d.* Rates declined by 1/32*d.* further in the following week to 1*s.* 5-3/4*d.* and Government had again to sell sterling at the statutory rate of 1*s.* 5-49/64*d.* During the last two weeks of June about £ 2,591,825 sterling was sold by Government, the amount being transferred from the Gold Standard Reserve in England by earmarking the equivalent gold from the Paper Currency Reserve for Gold Standard Reserve account in India.

Transfer from P. C. Reserve to Home Treasury.

The announcement by the Prime Minister in early July assuring financial assistance to India if need be, inspired some confidence, and though conditions of trade were unchanged, exchange rates improved by 1/16*d.* to 1*s.* 5-13/16*d.* for sellers and sales by Government almost ceased. Investment in treasury bills on foreign account, which had shrunk considerably, was renewed following this announcement and there were relatively fewer buying contracts for forward. The total sales by Government during July amounted to only £ 205,000, but during the week ending 18th July £ 2,250,000 was transferred to the Home Treasury as on previous occasions. The total amount thus transferred between 1st April and 18th July aggregated £ 12,020,504 of which £ 3,020,504 were utilised for sales of sterling.

Premier's assurance *re* India's credit.

By the end of July economic conditions in Great Britain and on the Continent assumed a serious aspect. It became evident that before long the Bank of England would have to raise its discount rate from the low of 2½ per cent. to check the outflow of gold, which had reached alarming proportions. Investment in treasury bills on foreign account had almost ceased and it appeared as though funds already invested in treasury bills would be remitted abroad on maturity.

Economic situation in Great Britain becomes grave.

During the first two weeks of August the market remained very dull with no change in rates. Export and import trade continued slack, barring some bullion T.T. purchases for import of silver. Forward rates tended to be easier, December-January delivery being quoted at 1*s.* 5-21/32*d.*

Market remains dull.

Government once again had to sell sterling on a large scale, the total during August being 4,010, 200.

Large sale during August.

The financial situation in Great Britain was far from satisfactory and it was feared that if a stage was reached when the Government of India could not borrow in that market with ease, an extremely embarrassing situation would arise. Already most of the gold reserves in the Paper Currency had been used up to meet the Secretary of State's requirements and sales of sterling. The situation was so serious that it was thought that unless Government took immediate action and changed the existing policy regarding sales of silver, etc., the lower gold point would be in jeopardy. Large speculative purchases were made for forward deliveries at as low a rate as 1*s.* 5-5/8*d.* for December delivery owing to a feeling in the market that Government would not be able to maintain the ratio at 18*d.* False rumours were spread that Government had consulted Sir Osborne Smith, the Managing Governor of the Imperial Bank of India, and that a change in the ratio was imminent. The position, however, was made clear by the publication of a letter from Sir Osborne Smith to the effect that "the question of ratio did not even remotely come up for discussion" between the Finance Member and himself during his recent visit to Simla.

Large speculative purchases made in the local market.

Speculative enquiry died down as a result of this announcement, but rates could not improve owing to very slack export trade. Sales by Government continued, since there was no other way to cover remittances for imports, etc.

Speculative inquiry dies down.

During the first three weeks of September and until the suspension of the Gold Standard in Great Britain and in India, Government sold large amounts of sterling every week aggregating £6,457,100. Even the reassuring announcement in the Legislature regarding the rupee ratio by H.E. the Viceroy, by Sir George Schuster and by Mr. H. Denning, the Financial Secretary, did little to revive rates, which remained at 1*s.* 5-3/4*d.* for sellers and 1*s.* 5-25/32*d.* for buyers. Referring to the suggestion for a reversion of the ratio in a debate in the Legislative Assembly on agricultural depression, Sir George Schuster made the following remarks: "Even if the ratio had been fixed at 16*d.* the present position would have surely arisen." He asked "Did India wish merely to bring down the ratio in order to get a small percentage of benefit for a few people because of the fall in world prices or did India want to maintain a stable currency gained as a result of several decades of experience?" He stated "What India wanted was sound finance and that could not be sacrificed for any reason."

Government sells further large amounts.

Momentous changes occurred in the currency policy of Great Britain and India on the morning of 21st September. The withdrawal of foreign funds and consequent loss of gold to the Bank of England had assumed such enormous proportions that the British Government decided to suspend Section 1 of the Gold Standard Act of 1925, which required the Bank to sell gold at a fixed price. The natural result of this change was the suspension by Ordinance of Clause 4 in the Indian Currency Act of 1927, relieving Government of the obligation to sell gold or sterling. Subsequently the first Ordinance was modified by the issue of a second Ordinance on the 24th, which linked the rupee to sterling instead of to gold as hitherto. The Ordinance provided that sales of gold or sterling

Clause 4 of Indian Currency Act suspended.

by Government shall be made for financing, (1) normal trade requirements excluding import of gold or silver coin or bullion, (2) contracts completed before 21st September 1931, (3) reasonable personal or domestic purposes.

It was also made clear in the Ordinance that Government would not sell gold or sterling to liquidate the oversold exchange position of any bank in respect of any month subsequent to the month in which the demand for gold or sterling was made.

The demand for gold and sterling may be made at the local Head Offices of the Imperial Bank of India in Calcutta and Bombay for an amount not less than £25,000 in value and shall be sold to recognised banks only.

The transactions are subjected to the scrutiny of the Managing Governor of the Imperial Bank of India.

Rupee linked to sterling.

An explanation of why the rupee was being linked to sterling was given by Sir Samuel Hoare, the Secretary of State for India. He said that for all practical purposes the stability of Indian exchange had been based on sterling and Indian trade, both export and import, was financed through sterling. He further stated that greater part of India's external obligations was also in sterling.

Within the country itself, practical financiers and businessmen were convinced that India's favourable balance of trade was likely to improve under the revised standard. To have linked the rupee to the gold dollar or to have left it to the mercy of speculators, thus subjecting exchange to violent fluctuations, would have paralysed all normal and legitimate business.

Restrictions on import of bullion.

The restriction put on the import of bullion by Government relieving itself of the obligation to supply sterling in connection with this trade, did not seem justified, particularly in the case of silver. The restriction should apply only if Government intended to sell their surplus stocks of silver in India instead of in foreign markets as has been the case hitherto.

Rupee sterling exchange becomes steady.

Following the change in the currency system, rupee sterling exchange steadied. Government were no more approached, their sales during October being *nil*. Rates improved everyday and forward business was freely transacted by banks, though prior to the announcement, the forward market had almost ceased to function. Some export bills appeared in Calcutta and in Bombay.

Gold exports begin.

Gold began to be exported in large quantities on account of the premium obtainable in foreign markets still on the gold standard, and this movement provided more cover than the market could absorb. It was believed that Government would soon be in the happy position of being able to buy sterling. By mid-October rates actually reached the level of 1*s*. 6*d*. sterling and banks now were unwilling buyers without cover, a position quite the reverse of that ruling less than a month previously. Merchandise export bills also appeared in small lots, while the enquiry for remittances had almost

completely ceased owing to the depreciated state of sterling. It was generally felt that Government would soon announce their intention of buying, which was the only cover the market could look to.

Exchange rates improve further.

In the third week of October the rates improved by another 1/8*d*, ready being quoted at 1*s*. 6$\frac{1}{8}$*d*. for buyers. Government had remitted only £9 million sterling through the Paper Currency Reserve up to this time, thus leaving a balance of about £24 millions to be remitted to meet the budgetted Home charges. Moreover, the 5$\frac{1}{2}$ per cent. India sterling stock amounting to £15 million is due for repayment in January 1932. In addition short-term loans of the Government of India due for repayment up to 1938 excluding the 15 millions due in January 1932, aggregate some £52 millions. Taking all these facts into consideration the deficiency in the currency Ordinance leaving the upper sterling point undefined does not seriously perturb practical financiers and businessmen. The Ordinance was issued under extraordinary conditions and may be reconsidered by Government in the light of existing circumstances.

Government Home remittances position.

Further rise in Exchange rates and Government invites tenders.

Rates improved another $\frac{1}{16}$*d*. in the first week of November to 1*s*. 6$\frac{3}{16}$*d*. for buyers. Gold bills were mainly responsible for the strength, though in the forward market a fair amount of merchandise bills was also fixed. Government, apart from buying £500,000 at 1*s*. 6$\frac{3}{32}$*d*. by tender, were buying sterling on tap at 1*s*. 6$\frac{1}{8}$*d*. The amount of tenders was increased to £750,000 in the second week and allotted in full at 1*s*. 6$\frac{1}{8}$*d*., the rate for intermediates being put up to 1*s*. 6$\frac{5}{32}$*d*. Encouraged by the large applications Government raised the amount of tenders to £1 million from 11th November.

Government were now making up for past deficits in the Home Remittance programme although they had between 1st April and 31st October transferred £23,266,804 from the Paper Currency Reserve, of which £14,047,804 represented sales of sterling.

Exchange continues firm.

Throughout November and December, exchange rates remained firm barring the third week of November when quotations were slightly easier. Forward rates also kept fairly steady, but business transacted for these deliveries was comparatively small. Gold was exported on an increasing scale and the bills placed in connection therewith were the main support to the market. Merchandise bills still remained small and were confined to near deliveries. Sellers of ready T. T. quoted 1*s*. 6$\frac{1}{8}$*d*. almost throughout this period with buyers at $\frac{1}{32}$*d*. to $\frac{1}{16}$*d*. higher. The demand for remittances on the other was relatively small owing to higher gold exchange rates in many of the countries from where India usually imports merchandise. On the side of bullion imports, gold remained out altogether and even for silver, the quantity imported was very small. In view of this, the only cover banks could get against their purchases of gold export bills was sales of sterling to Government. As the volume of gold bills increased, the amounts tendered to Government also increased with a proportionate rise in rates.

Since the movement of gold export began and up to the end of the year, Government bought more than £19 million sterling from the market at over 1s. $6\frac{3}{32}d.$ thus completely wiping off their sales of sterling which amounted to £14,047,804 during this official year. The position has happily reversed and it is generally expected that Government will be able to buy further large amounts of sterling before the end of the fiscal year. $5\frac{1}{2}$ per cent. sterling loan due for repayment in January, under the changed circumstances in the exchange market may now be easy for payment or renewal.

Government purchases sterling.

Dollar.—The dollar sterling cross rate opened at \$ 4.85$\frac{7}{8}$ with a quieter undertone and within a fortnight the rate dropped to \$ 4.85$\frac{1}{2}$, which was maintained with slight variations till the end of January. In the first week of February the quotation steadied to \$ 4.85$\frac{15}{16}d.$ and improved further to \$ 4.86$\frac{1}{32}$ in the following week. The rise proved merely temporary and the rate slipped to \$ 4.85$\frac{11}{16}$ by the end of the month. Throughout March the tone remained steady and by a gradual rise every week, the quotation touched \$ 4.86 by the end of the month. In the first week of April the rate receded slightly to \$ 4.85$\frac{13}{16}$ and was maintained at about this level up to the third week when it rose to \$ 4.86$\frac{5}{16}$ on the 24th. The steady tendency continued upto mid-July, the rate varying between \$ 4.86$\frac{1}{4}$ and \$ 4.86$\frac{5}{8}$. At this juncture the economic situation on the Continent and in Great Britain assumed a serious turn. Large withdrawals of gold were made from the Bank of England, necessitating a rise of 2 per cent. in the discount rate to $4\frac{1}{2}$ per cent. within a fortnight. The dollar sterling rate declined sharply to \$ 4.84 on 22nd July, and after an equally sharp reaction to \$ 4.86$\frac{1}{8}$ dropped to \$ 4.85$\frac{1}{8}$. in the first week of August. Efforts were made by all the important countries to check a complete breakdown of currency standards in Germany and Austria and temporary credits were granted. As a result of this action, the dollar sterling quotation remained steady between \$ 4.85$\frac{1}{4}$ and \$ 4.86$\frac{1}{4}$, until the 3rd week of September when it became necessary for Great Britain to go off the gold standard. The cross rate immediately fell to the low level of \$ 3.76. Throughout October the cross rate fluctuated daily by a few points, varying between \$ 3.83 and \$ 3.97. In the first week of November there was sharp decline in the rate from \$ 3.85$\frac{1}{2}$ to \$ 3.72$\frac{1}{2}$.

Cross rate opens quiet.

Rate improves slightly.

Gold withdrawn from the Bank of England and cross rate weakens.

Gold standard suspended in Great Britain.

In the two following weeks movements were narrow, the quotation ranging between \$ 3.80 and \$ 3.74, but towards the end of the month a sharp decline occurred in the rate following large withdrawals of funds from London by the Continent.

Dollar—Sterling quotation falls.

The rate weakened to \$ 3.24 on 1st December which constituted the lowest point touched since the abandonment of the gold standard by Great Britain. There was a slight recovery at this level, the rate gradually improving to \$ 3.37$\frac{1}{2}$ on 4th December. The improvement was, however, shortlived and the rates slipped to \$ 3.25$\frac{3}{4}$ on the 9th. An improvement occurred again and the quotation

Rate weakens.

gradually rose to $3.46 by mid-December. Barring a sharp but temporary fall to $3.34½ on the 19th, the rate was maintained around $3.38 to $3.44 throughout the second half of December, the closing quotation being $3.39⅛.

Slight improvement occurs.

Francs.—The French franc opened at 123.71 with a quiet tendency. Every week a few points were lost until the quotation touched 124.01 by about mid-February. There was a slight reaction to 123.91, but by the first week in March the rate again depreciated to 124.01. This movement continued and the rate touched parity of 124.20 francs to the pound sterling by the 19th March. A reaction then occurred the quotation appreciating to 124.17, but this rise proved short-lived and the rate again began to depreciate. With slight variations from day to day, the quotation touched 124.26 in early May and after a long time sterling was quoted at a premium in terms of francs.

Francs open quiet.

Rate depreciates.

In the second week of May the rate improved to 124.20, but depreciated to 124.38 in the following week. Throughout June the quotation remained fairly steady, ranging between 124.12 and 124.29 francs to the pound. In early July the rate showed a sagging tendency as a result of economic derangement on the Continent with its reaction on the pound sterling. Large withdrawals of gold were made from the Bank of England on French account and the franc appreciated to 123.25 on 22nd July. A reaction occurred at this level and the rate rose sharply to 123.90 by the end of the month.

A sagging tendency becomes manifest.

Throughout August and up to the time Great Britain went off the gold standard, *i.e.*, (21st September) the quotation remained steady between 123.90 and 123.98. Following the British Government's decision, the franc appreciated to 87.00 but soon declined to 100.37. Throughout October the rate moved within two points of 100 francs to the pound, although in early November the quotation appreciated to 94.93.

Improvement occurs and franc appreciates.

The rate remained unchanged about this level till the end of November when it appreciated sharply following large withdrawals of french short-term money from Great Britain. 83.25 francs to the pound were quoted in the first week of December and there was little variation from this level up to mid-December when it depreciated to about 88.00 on the 17th owing to improved conditions on the Continent. During the last fortnight, the same level was maintained barring a sharp decline to 84.78 on 18th December. At the close the franc was quoted at 86.59 to the pound.

Further appreciation in franc.

GOLD.

Market opened easy.

The gold market opened easy with a fall of 6 pies per tola in the price of ready, which now stood at Rs. 21-4-6. At the lower level some banks bought small quantities of the metal but despite this rates were unaffected, since the requirements for trade did not exceed 6,000 tolas a day while the supply was ample at 3½ lacs tolas. In addition gold was steadily coming from up-country to be sold in Bombay.

Banks buy Gold and price improves.

Banks continued their purchases, since gold at its low price was the best cover against sales of sterling, which ruled very quiet, and stocks in the local market were reduced to 2½ lacs tolas. A fair quantity was actually shipped abroad, with the result that the price of ready rose sharply to Rs. 21-6-9 per tola by mid-January, but the supply was freely available at this level owing to tight money conditions. Forward rates were also steady and a fair volume of inter-bazar business was transacted.

Demand slackens and rates recede.

At the higher level, the demand from the banks fell off, and this, coupled with a steadier sterling exchange and stringent money, caused the rates to slip to Rs. 21-5-0 per tola by the end of the month. Forward rates receded proportionately and activity was considerably reduced. No fresh imports were made during January owing to local rates remaining much below import parity, but the supply was augmented by arrivals from up-country. After meeting the daily offtake of about 6,000 tolas, the stocks on hand at the end of January stood at about 2½ lacs tolas.

Small speculative purchases made.

As February set in, the market began to speculate on the forthcoming General Budget. Strong rumours were afloat about a change in the rupee sterling ratio. As a result the gold market was highly animated with active inter-bazar trading and improved prices, which, however, proved temporary. The price of ready was pushed up 3 annas a tola to Rs. 21-8-0 on the 11th but immediately reacted to Rs. 21-5-3 on the 14th. The difference between ready and April settlement prices widened as much as 4 annas per tola, the latter being quoted at Rs. 21-12-0, but it narrowed to Rs. 21-7-9 on the 14th.

Offtake for trade still poor.

All this activity was largely confined to the local market, the demand for trade still remaining at 6,000 tolas. During the second half of February the market ruled dull, the price of ready showed no change and stocks on hand at the close of the month were estimated at about 2 lacs tolas. No fresh imports of any size were made during the month for the same reasons.

The publication of the General Budget together with the Finance Member's speech had an amazing effect on this market. It was now realised that a change in the rupee ratio was unthinkable and those who held large quantities of ready gold in the hope of a profit in the event of a change began to unload, but there were hardly any buyers. The daily offtake actually shrank to under 5,000 tolas and larger quantities began to flow in from up-country. The price of ready fell to Rs. 21-3-9, a level one pie higher than Government's actual buying rate. Even quiet sterling exchange did not cause any improvement in the rates. In the absence of buyers in the market, Government received large quantities of metal at their statutory buying rate of Rs. 21-3-10. As much as 3½ lacs tolas were tendered to the Mint during the course of a week. A large part of this came from speculators and it was difficult accurately to estimate their holding. Tenders to the Mint continued throughout March and the receipts for the month aggregated Rs. 209 lacs, *i.e.*, 9.8 lacs tolas. Government were thus able to partially replenish the gold stocks in the Paper Currency Reserve which had suffered severely owing to transfer of funds to the Home Treasury and sales of sterling, to meet which gold was transferred to the Gold Standard Reserve in India.

Rates fall after publication of General Budget.

The daily offtake during March remained low at 5,000 tolas despite the bottom price reached. Stocks in the market at the close were estimated at 3 lacs tolas, but were continually piling up owing to arrivals from up-country and sales by local holders. No fresh imports were made during the month.

No change in daily offtake.

Throughout the second quarter (April to June) the Gold Market remained very dull and there was hardly any change in the price of ready. Even quiet sterling exchange and consequent shipment abroad by some banks and dealers did not revive rates. Tenders of the metal to Government had become a daily feature, since the offtake did not exceed about 4 to 5,000 tolas a day and that, too, was more than offset by arrivals from up-country centres. The amount tendered to Government from the beginning of March to end of June aggregated about 646 lacs in value and in addition about Rs. 76 lacs worth of the metal had been exported during the same period. Imports were *nil* during the whole quarter.

Dull conditions prevail.

Even July saw no change in the condition of the local gold market despite economic disruption on the Continent of Europe and consequent large withdrawals of the metal from the Bank of England. Trade remained lethargic and prices unmoved at Rs. 21-3-9 per tola ready. Exports from India became smaller owing to slightly steadier rupee sterling exchange, but Government on the other hand received large quantities of "distress gold." The amount tendered during this month was about Rs. 266 lacs in value and the total since the beginning of March about Rs. 912 lacs.

Large Gold movements on the continent.

The situation up to practically the end of August was unchanged locally, but at this juncture some speculative purchases were made and the market became more active. The price of ready rose to Rs. 21-7-0 per tola on 24th August but the advance was short-lived and the rate soon slipped to Rs. 21-4-6 per tola. The requirements for trade did not show any improvement, being only about 2,000 to

Prices advance.

3,000 tolas a day. Forward deliveries remained steady and were quoted one to two annas higher than spot. False rumours regarding an impending change in the rupee ratio began to gain ground in early September and speculation once more became rife. The price of ready rose to Rs. 21-8-3 per tola on 14th September, while forward deliveries commanded a premium of 4 to 5 annas. The offtake for trade remained stationary at 2,000 tolas a day. Stocks in the market aggregated 1½ to 2 lacs tolas. No tenders of the metal had been made to Government since 31st August and export had also completely ceased.

Ratio discussed in Assembly.

The question of the ratio came up for discussion in the Assembly and in the Council of State at this time and Government Members' speeches removed all doubts about their policy in connection with the ratio. Gold rates immediately flattened. Ready fell to Rs. 21-4-6 per tola with a proportionate decline in forward rates.

Prices rise following suspension of Gold Standard in Great Britain and Metal exported.

Immediately following this, however, came the news of the suspension of the Gold Standard in Great Britain. The Government of India also decided to slip off the Gold Bullion Standard, and the rupee was linked to sterling. This created a heavy premium in the price of gold, which now moved in sympathy with the gold dollar. There were erratic fluctuations in the rates but with an upward tendency. Rs. 25 per tola was reached on 24th September with a slight reaction to Rs. 24-4-0. A large volume of speculative business was transacted and even some banks took an interest in the local market. Price in London, which had been maintained at about 84*s.* 11*d.* per fine ounce jumped to 103*s.* 5*d* per fine ounce. Large exports of the metal were made to countries still on the Gold Standard, mainly the U.S.A., Holland and France. The offtake for trade, despite all these changes, showed no alteration at about 3,000 tolas a day, while on the other hand large quantities of gold began to flow into Bombay from up-country centres as prices rose. Throughout October the gold market remained the centre of all activity with a large volume of turnover. Prices fluctuated widely in consonance with movements in the dollar sterling cross rate, but they remained much below the import parity. Considerable amounts of gold were exported by every mail and stocks poured in from up-country, daily arrivals being estimated at 40,000 to 50,000 tolas.

Embargo on export of gold suggested.

It was suggested by certain political and economic organisations that an embargo should be put immediately on the export of gold. Government wisely did not listen to this harmful suggestion. It would have been hardly fair to interfere with trade in the metal by an act of legislation. In fact gold exports tended to make "frozen" credits mobile. It evidently did not occur to the critics that between March 1924 and March 1931, India's net imports of gold aggregated about Rs. 194 crores in value. On the other hand exports from the beginning of March till end of October 1931, did not exceed Rs. 10.70 crores and formed only 5.5 per cent. of the imports during the period mentioned. It must also be borne in mind that the movement cannot go on indefinitely, since as soon as the Indian agriculturist realises his price for the standing crop, he will resume purchases of the metal, the magnitude of which will mainly depend on the price realised for prime commodities.

The highest price touched during October was Rs. 26-5 per tola fine and the lowest Rs. 24-12. Had it not been for the firm tendency of rupee sterling exchange, the price would have been still higher. Forward deliveries were quoted at almost even rates throughout. The total exports during the month amounted to the large figure of about Rs. 8.93 crores. The highest price in the London market was 108*s.* 6*d.* per fine ounce.

Export continues on large scale.

In the first week of November, the price of ready gold advanced to Rs. 26-11 per tola with a corresponding rise in forward rates as a result of weak New York sterling cross-rate, which touched $3.72\frac{1}{2}$. Rates soon reacted to Rs. 26-5 following the movement in the New York rate and steadier rupee sterling. The price in London touched 111*s.* 5*d.* per fine ounce but dropped to 109*s.* 4*d.* by the end of the week.

Price advances.

A further fall occurred in the second week of November, the quotation declining to Rs. 26-2 per tola. This proved temporary, however, and the rate soon recovered to Rs. 28-2 in consonance with movements in the New York cross rate. This level was maintained up to almost the end of November when following a sharp decline in the cross-rate, the price in the local market rose to as high as Rs. 28-8 on the 28th. As prices advanced arrivals from up-country grew in volume and shipments abroad increased, the total value of such shipments during November aggregated Rs. 8.43 crores. The local offtake, however, was hardly about 2,000 to 3,000 tolas a day, whereas stocks on hand were always in the neighbourhood of 3 lacs tolas. The price in London increased proportionately to 116*s.* 6*d.* per ounce fine.

After some reaction price shoots up.

In the first week of December there was feverish activity in the market with a very large turnover. The dollar sterling quotation suffered a sharp decline at the opening touching the low record level of $3.24 on 1st and the rate in the local market shot up to Rs. 31-2-0 which constituted the highest price since the breakdown of the gold standard. There was, however, a reaction from this level to Rs. 29-6 per tola following a rise in the cross-rate to $3.37. After being maintained at this level for a few days, the cross-rate declined again to $3.25\frac{3}{4}$ following which there was a sharp rally in the local price to Rs. 30-11-6. At this juncture a reaction set in and the price declined gradually, ready touching Rs. 28-10 on the 14th. During the second half of December, movements were comparatively narrow, barring a temporary rise to Rs. 30-1-0 on the 19th. The closing quotation was Rs. 29-7. Shipments during this month exceeded all records, being Rs. 17.71 crores. The daily offtake still showed no improvement being about 3,000 tolas, whereas supplies were estimated at about 4 lacs tolas, arrivals from up-country being unabated.

Feverish activity in Gold Market.

The total exports during the year amounted to Rs. 37.48 crores and imports for the same period to Rs. 3.17 crores.

Total gold exports and imports.

SOVEREIGNS.

In sympathy with the fall in the price of gold, sovereign rates declined by three pies at the outset to Rs. 13-8-3 for ready and Rs. 13-8-9 for forward. In the following week there was yet a further drop of three pies to Rs. 13-8. At this juncture gold rates became steady following purchases by banks and accordingly there was a proportionate rise in sovereigns with ready as well as forward (1st February settle-

Sovereigns open quiet.

ment) being quoted at Rs. 13-9-0. This level of price was maintained throughout February barring a temporary rise in the first week, when in sympathy with steady gold rates, ready sovereign was quoted at Rs. 13-9-3 and delivery 2nd March at Rs. 13-9-6.

Small movements in price.

Following the fall in the price of gold Rs. 21-3-9 per tola in early March, sovereign rates eased proportionately with ready down to Rs. 13-8-3 and delivery 1st April to Rs. 13-8-9, the difference being accounted for by the lower exchange for the forward delivery. These rates were maintained till almost the end of the month, when an easier tendency was noticeable owing to lack of demand and ready and 1st April delivery rates declined by six pies to Rs. 13-7-9 and Rs. 13-8-3 respectively.

Prices slightly steadier.

There was no change in rates until the end of April, when a slight improvement occurred owing to shortage of supply. Ready as well as delivery 29th May advanced to Rs. 13-8-6. The same quotation with a variation of about 3 pies lasted till the beginning of June, when a steadier tone became manifest. Ready rose to Rs. 13-9, while delivery 29th June was three pies higher. Prices remained stationary at this level throughout June with little demand. In early July, however, prices improved by a quarter anna to Rs. 13-9-3 for ready and Rs. 13-9-6 for delivery 27th July. There was no variation in rates till mid-August, when a slight demand became manifest, causing rates to rise to Rs. 13-10-3 by the end of the month. Prices advanced further in the following two weeks and reached Rs. 13-13-0 on 14th September as a result of a rise in the price of gold following persistent rumours about a change in the rupee ratio. The rise proved temporary, and the rate declined to Rs. 13-10-3 on 17th both for ready and delivery 24th September.

Further improvement in rate.

Sovereign rates follow gold prices.

The price of sovereign followed that of gold after the abandonment of the gold standard in Great Britain, and large quantities came to be sold in Bombay from up-country at higher levels. Large quantities of sovereigns were exported, mostly to Paris, where these coins have a sort of current value. The highest price touched during the month was Rs. 16-12-0 on 6th October.

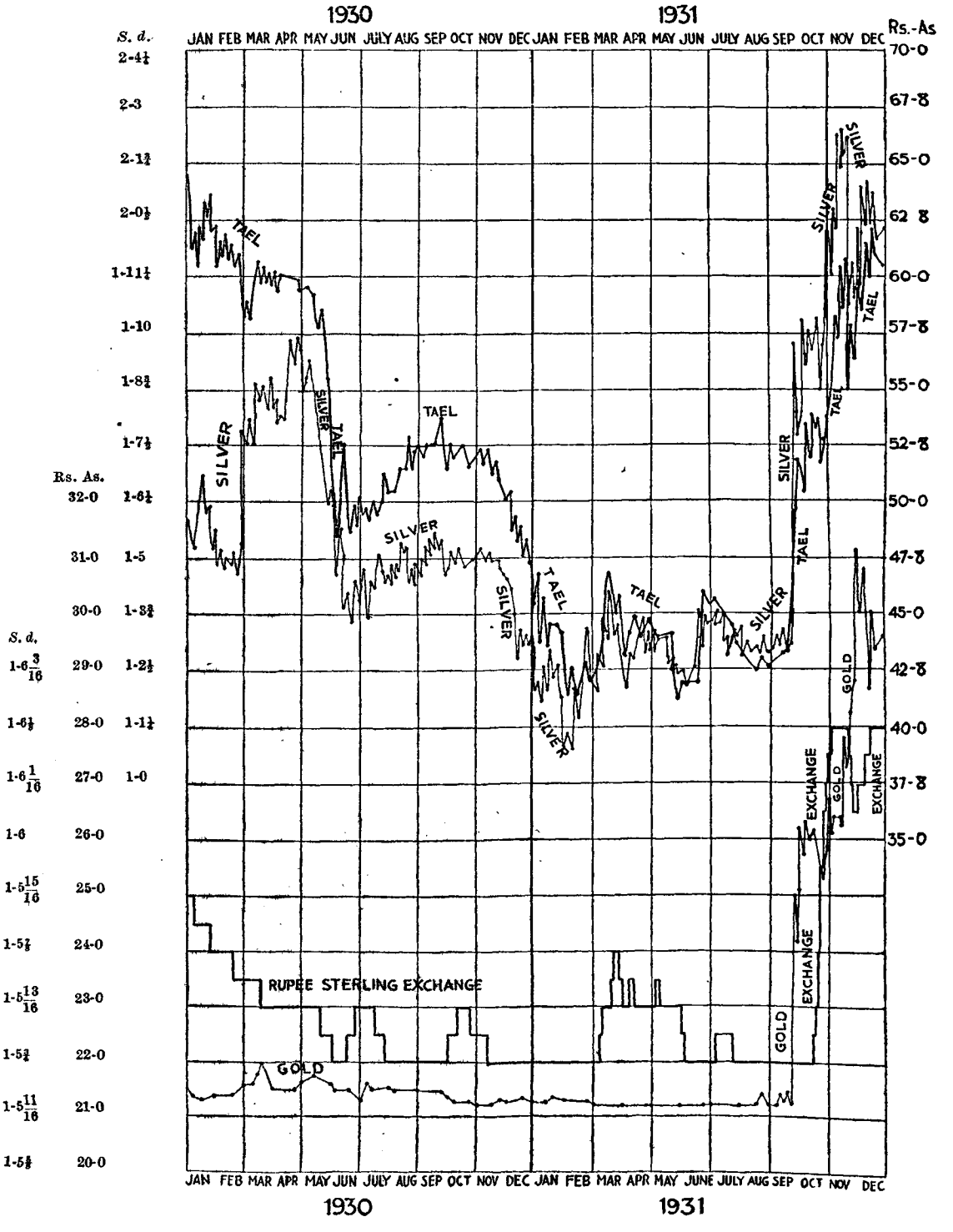
Prices advance sharply.

In the first week of November, prices advanced sharply following a rise in gold and Rs. 16-10 was quoted both for ready and delivery 23rd November.

Movements proportionate to changes in gold rates.

Henceforward movements in the price of sovereigns were proportionate to fluctuations in gold. There was no local demand and in fact large blocks came for sale in Bombay which were ultimately exported. A major portion of the coins still went to Paris since they commanded a premium in terms of gold in that market. The highest price touched was Rs. 19-2-0 and at the end of the year the quotation stood at Rs. 18-8-0.

BULLION & EXCHANGE CHART.



NOTE.—Silver, Gold and Shanghai Tael Price fluctuations in the chart are based on ready rates and Exchange on ready selling T. T. Rate.

SILVER.

Year opens with brisk trade.

The silver market opened with brisk trading and erratic price movements. The usual pre-budget activity had set in and there were strong rumours in Calcutta to the effect that Government contemplated enhancing the duty on silver imports prior to the presentation of the budget at the end of February, which, however, did not materialise. In the meantime, ready silver rose sharply from Rs. 43-10 to Rs. 44-3 and at this price commanded a premium of about Rs. 1-8 per 100 tolas over February settlement.

No response from foreign markets.

The foreign markets did not respond to the rise, and in fact during the first week in January the Shanghai tael dropped heavily from 1*s.* 5$\frac{5}{8}$*d.* to 1*s.* 3$\frac{1}{8}$*d.* and the price in London came down $\frac{15}{16}$*d.* to 13$\frac{7}{16}$*d.* per ounce standard ready. This naturally created a nervous feeling in our market and "bears" hammered down prices. Ready lost about Rs. 3 to Rs. 41-3 and the premium on it declined to Rs. 1-6. In addition to large inter-bazaar business, sales were made on foreign account. The daily offtake, which had averaged 90 bars in the closing week of the previous year improved to 110 bars, but supply on hand was considerably small at 1,100 bars although large shipments were en route from London as well as from New York.

Prices decline in local market.

Wide fluctuations.

In the following week the market experienced wide fluctuations, with the tendency still remaining downward. After firming up to Rs. 43-6-0 per 100 tolas for ready, the price collapsed to Rs. 41-5. The fall was accentuated by the eagerness on the part of America to unload her holding. Similar movements were witnessed in other principal markets. In London the price, after touching 14$\frac{1}{16}$*d.* per standard ounce, declined to 13$\frac{11}{16}$*d.*, while the tael after reaching 1*s.* 4$\frac{1}{16}$*d.* eased to 1*s.* 3$\frac{1}{4}$*d.*

Daily offtake improves.

The daily offtake had improved to 180 bars including that for settlement and stocks stood around 1,200 bars.

Activity reduced.

Duringthe remainder of January, the market was comparatively inactive and prices were more stable. Ready moved between Rs. 41-9 and Rs. 42-12, but still commanded a premium of about Re. 1 over February settlement. The supply on hand at this time was meagre, being 900 bars, but nearly 9,000 bars were on the way from New York and London and were due to arrive before the end of February, when it was expected the duty on silver imports would be enhanced. The Shanghai tael fluctuated within the narrow range of 1*s.* 3$\frac{1}{8}$*d.* and 1*s.* 3$\frac{5}{8}$*d.* while the price in London ranged between 13$\frac{3}{8}$*d.* and 13$\frac{13}{16}$*d.* per ounce standard.

Stocks small but large supply on way.

After being fairly steady for two weeks, the market developed renewed weakness and a price of Rs. 39-2 per 100 tolas ready was reached on 4th February. Free selling by America in the principal markets and the resultant slump in the Shanghai tael, which touched the low level of 1*s*. $2\frac{7}{16}$*d*. accounted for the fall in local rates. As the date for the announcement of the budget proposals drew near, the demand for ready silver became more acute, the daily average reaching 220 bars. A premium of Rs. 1-12 was maintained for ready over March settlement.

Market develops weakness.

The market was very excited and bulls began to lay in large stocks of ready silver in anticipation of an increase in the duty, with the result that the premium rose to Rs. 3 per 100 tolas. Price movements were irregular and ready, after steadying up to Rs. 41-12, suffered a set back to Rs. 40-6. The offtake mounted to 360 bars a day but stocks were steadily arriving and totalled 3,500 bars by mid-February after allowing for 1,300 bars railed to Calcutta during the early part of the month. Activity continued during the latter half of February and the market assumed a steady tone, particularly for near position. The daily offtake rose to an unprecedented figure of 530 bars a day and the price of ready shot up to Rs. 44-3, commanding a premium of Rs. 7 per 100 tolas over the March settlement. Towards the end of the month, however, there was a set back both in price and in the daily offtake. Ready declined to Rs. 42-8 and the premium dwindled to Rs. 5. Stocks on hand in the meantime had increased to over 10,000 bars.

Pre-budget excitement in local market.

The movements in Bombay were reflected in the foreign markets, with the Shanghai tael fluctuating between 1*s*. $1\frac{3}{4}$*d*. and 1*s*. $2\frac{11}{16}$*d*. and the price in London between $12\frac{1}{16}$*d*. and $12\frac{13}{16}$*d*. per ounce standard.

Foreign markets improve.

The General Budget was presented to the Legislative Assembly on the 28th February, when it became known that Government proposed to enhance the duty on silver from four annas to six annas per ounce. This did not affect prices since the increase was more or less a foregone conclusion. But foreign markets showed a stronger tendency and local rates followed the improvement. The price of ready moved up from Rs. 41-10 to Rs. 43-2, including the increased duty, while March and April settlements were quoted ex-duty at Rs. 38-11 and Rs. 38-15 respectively. The tael in Shanghai rose from 1*s*. $2\frac{15}{16}$*d*. to 1*s*. $3\frac{1}{16}$*d*. and the price in London gained a half penny to 13*d*. per ounce standard.

Duty enhanced on silver imports.

The daily offtake shrank further and averaged 170 bars during the first week in March while stocks in Bombay alone had grown to the unusually large figure of 13,500 bars. In view of this, it was expected that no fresh shipments of any size would be made from abroad for some months.

Offtake declines.

The market continued its buoyancy during the earlier part of the second week, but prices soon gave way to quieter advices from foreign markets. Rumours emanated from the Far East that the Government of India were negotiating large sales of silver to China Banks through London. The stocks in the local

Market remains buoyant.

market had become top heavy, the daily offtake gradually declining to 150 bars in the second week. The price of ready after reaching Rs. 44-11 declined to Rs. 43-13.

Easy tendency sets in.

The easy tendency was soon arrested and the market once more assumed a steadier tone. Ready touched Rs. 45-14 per 100 tolas in the third week but trading was comparatively small. The offtake further declined to 110 bars a day and in the absence of any fresh arrivals the supply decreased to 12,000 bars.

Weakness develops.

In the concluding ten days of March, the market developed weakness following advices from Shanghai and London. It was reported from Bangkok that the Siamese Government had decided to sell surplus stocks of silver amounting to about 16½ million ounces and replace them with gold, and this may have been responsible for the bearish feeling that preceded the announcement. The Government of India were also reported to be negotiating sales with the Hongkong Bank in London. The offtake in the local market was very poor, averaging 70 bars a day, while stocks still remained fairly oppressive at 11,500 bars despite no fresh arrivals during March. The price of ready in the local market fell to Rs. 43 on the 2nd of April. The Shanghai tael dropped persistently from 1*s.* 4 11/16*d.* to 1*s.* 3¼*d.* and the price in London lost over a penny and a half to 12 15/16*d.* per ounce standard ready.

Reports of sale of silver by Government.

Prices decline further.

Prices declined further in the first week of April, ready touching Rs. 41-12, but the market reacted to steadier advices from Shanghai where the tael recovered nearly a half penny to 1*s.* 3⅜*d.* and the quotation for ready improved here to Rs. 43-4 per 100 tolas. Price in London increased by 5/16*d.* per ounce standard to 12 15/16*d.* The offtake advanced to 180 bars a day owing to the settlement, reducing stocks on hand to some 9,600 bars.

Market very erratic.

During the following fortnight the market remained very erratic with a steadier undertone. The market was in the hands of speculators, the ordinarily important factors—supply and demand—being of minor importance in influencing rates. The stocks in the local market, although plentiful at some 7,400 bars, with the offtake averaging 160 bars a day, were reported to be held in strong hands and, apprehending a squeeze, the "bears" were not only unwilling to extend their commitments, but were gradually reducing them. Shanghai advices were also steadier and the tael rose to 1*s.* 3⅝*d.* on the 20th, though it slipped to 1*s.* 3⅜*d.* on the 24th. Ready in the local market touched to Rs. 44-14 on 20th April and after a sharp fall to Rs. 43-3-0, closed at Rs. 43-11 on the 24th. In London the price rose another half-penny to 13½*d.*

Stocks held in strong hands.

Prices move within narrow range.

In the last week of April prices were rather sticky and fluctuations confined within a narrow range of 4 annas per 100 tolas. At the close, however, an easier tendency was manifest following advices from Shanghai, where the tael fell to 1*s.* 3-3/16*d.* In the local market, ready after remaining almost stationary at Rs. 43-12, dropped to Rs. 43-6 per 100 tolas. Following an easier tendency in Shanghai, bulls began to carry

over their commitments from May to June settlement at a premium of three annas per 100 tolas. In London, the price moved 1/16*d.* from the level of 13¼*d.* per ounce except on one day when it rose to 13⅜*d.* The offtake declined gradually and now averaged some 135 bars a day, but in absence of fresh arrivals during April, the supply on hand was reduced to some 6,400 bars. Since a large portion of this was held in strong hands, it was generally believed that fresh imports would become necessary before long.

Trading restricted owing to fear of squeeze.

Trading throughout May was restricted owing to the perpetual fear of a squeeze in the local market. Prices were maintained below import parity and ready commanded a premium of between 4 and 11 annas per 100 tolas. Stocks by the end of the month were reduced to some 2,900 bars and shipments en route were only about 1,200 bars. The offtake on the other hand continued at an average of 160 bars a day. Shanghai advices being easier, rates declined, ready dropping from Rs. 44 to Rs. 42-5 on 30th and this level was maintained up to 5th June. In Shanghai the tael, after declining to 1*s.* 1-15/16*d.*, reacted to 1*s.* 2-3/16*d,* and the price in London eased to 12⅛ *d.* per ounce ready.

Reports of large shipments from abroad depress rates.

It was reported at this time that shipments of some three million ounces were on the way from New York to India but despite this the premium of ready stood at about eight annas per 100 tolas, since the offtake was fairly good at 170 bars a day and the actual supply on hand was reduced to some 1,600 bars. The price, however, declined slightly to Rs. 41-13 per 100 tolas, spot, following easier tael, but trading was restricted and even the opening on the 15th June of the New York futures market in silver did little to revive activity.

Hoover moratorium brings better sentiment.

The announcement by President Hoover on 21st June of a moratorium for one year on all inter-Governmental war debts created a bullish feeling in silver as in other markets. Great activity prevailed and bear account was hurriedly covered in all the principal markets and a rise of 15/16 *d.* per ounce standard was recorded in London owing to heavy covering orders from China and India. The Shanghai tael advanced from 1*s.* 2¼*d.* to 1*s.* 3⅝*d.* and the price of ready in the local market rose from Rs. 42-11 to Rs. 45-4. Movements were highly erratic and depended largely upon the attitude of Chinese speculators. The offtake in the local market decreased immediately to 45 bars a day and stocks amounted to some 1,100 bars. Chinese speculators created a heavy oversold position in sterling following the announcement, and the tael rose to 1*s.* 4-5/16*d.* Rates in the local market, however, did not rise in sympathy and finding little or no support from other markets, the Chinese speculators began to reduce their oversold exchange position. The tael declined to 1*s.* 3⅜*d.* by the first week of July and the price in London dropped from 13¾*d* to 13⅛*d.* per ounce standard. Ready in the local market lost about Rs. 1-8-0 per 100 tolas to Rs. 43-12-0. The undertone still remained uncertain and depended upon movements in the Shanghai tael. The daily offtake shrank further to 25 bars and stocks on fresh arrivals increased to 1,600 bars.

Prices rise in all markets.

Chinese speculators active.

Daily offtake shrinks.

Hardly had the market realised the true significance of the moratorium announcement when there came the disquieting news about the economic situation in Germany and some other European States. The silver market was more sensitive to the news than any other, and the future trend was obscure at this time. Trading became narrow once more, speculators exercising caution. The price of ready after a temporary advance to Rs. 44-5, declined to Rs. 43-14 and this rate with slight variation was maintained almost up to the end of the month. Bears were steadily covering their oversold position. The daily offtake still averaged 20 bars but stocks were so low at about 1,000 bars that even with the poor offtake ready commanded a premium of four to six annas per 100 tolas. The rates in the market were under import parity; hence large shipments from abroad were not possible.

Disquieting situation in Germany.

Bears cover oversold position.

On 27th July it was announced that the Mexican Government had decided to withdraw all the gold coins from circulation and replace them by silver. This caused rates in our market to rise slightly, ready touching Rs. 44-1. Bear covering orders by India and China caused a rise of a halfpenny in the London price to 13-3/16*d*. The supply in the local market still remained low at 1,000 bars, and in view of rates remaining under import parity, fresh commitments were of limited size. A fair amount of "put option" business was, however, transacted and until this was squared, prices were expected to move within a narrow range.

Supply in local market small.

In the first week of August the market became somewhat steadier owing to the settlement. Ready rose to Rs. 44-8 and at that level commanded a premium of about 9 annas over September. In the following week the market developed an easy tendency following Shanghai advices, where the tael declined from 1*s*. 3-1/16*d*. to 1*s*. 2½*d*. In London the price fell a halfpenny to 12-9/16*d*. per ounce. The rate for ready in our market receded from Rs. 44-3 to Rs. 43-5 per 100 tolas, but the premium widened to as much one rupee due to the technical position of the market. Bear operators shipped a fairly large quantity amounting to £160,000 by that week's mail from London. The offtake had improved to 50 bars a day owing to settlement and stocks on hand amounted to 1,200 bars.

Prices steadier.

The tone of the market became somewhat hesitant owing to international economic troubles, but prices on the whole were steady. Ready rose to Rs. 44-3 by the end of August and the premium on near over forward disappeared owing to the considerably reduced bear position and the small daily offtake of about 30 to 40 bars. The tael also improved to 1*s*. 2-15/16*d*. and the price in London advanced to 13*d*. per ounce standard.

Market becomes hesitant.

In the first three weeks of September the market remained very dull with small price fluctuations. The undertone, however, was quite steady with ready moving between Rs. 43-11 and Rs. 44-4 most of the time. The Shanghai tael varied between 1*s*. 2-13/16*d*. and 1*s*. 3-1/16*d*. and the price in London between 12-13/16*d*. and 13*d*. per ounce standard. The daily offtake averaged 45 bars while stocks had risen to 3,400 bars owing to fresh arrivals.

Market very dull.

Following the abandonment of the gold standard in Great Britain, the silver market witnessed feverish activity with wide day to day fluctuations. In the course of one week the price rose by Rs. 11 to Rs. 54 constituting a record in the recent history of silver trading. There was a rush by American hedge operators to cover their position and bears both in China and India liquidated their commitments in London, thereby causing a rise of 3½*d.* per ounce standard to 16¼*d.* The Shanghai tael jumped from 1*s.* 3*d.* to 1*s* 6⅝*d.* The estranged relations between China and Japan were also partly responsible for the stupendous rise. On the top of all this came strong rumours in the local market that Government would enhance the duty on silver as an interim measure to improve the financial situation. Actually an additional duty of Rs. 3-8-6 per 100 tolas was levied as from 30th September.

Prices shoot up following abandonment of the Gold Standard in Great Britain.

Further duty imposed.

Inter-bazar business was reported to be fairly large and the Board of Directors of the Bombay Bullion Exchange issued a warning to its members to trade on a limited scale owing to the prevailing uncertain conditions. Since the suspension of the gold standard in Great Britain talks in connection with the rehabilitation of silver, which had been going on for several months, found greater currency, but the attitude of the British Government towards this proposition is evident from the following :—

Board of Bullion Exchange fixes lower and upper price limits.

> Replying to a question whether Government would consider the extent to which it was possible to restore trade with the Far East by establishing the silver basis for currency, Mr. Macdonald, the Prime Minister, declared "the suggestion seems to be impracticable."

The condition of the market became so chaotic that the Board of Directors of the Bombay Bullion Exchange decided as an emergency measure to restrict price movements between Rs. 49-8 and Rs. 53-8 per 100 tolas. The restriction was to remain in force till 5th October. Trading was absolutely nominal and confined to squaring off outstanding business. The tendency in outside markets was very strong and the tael in Shanghai rose to 1*s.* 7-3/16*d.* and the price in London to 19½*d.* per ounce standard.

Although the price limit restrictions ceased to operate as from the 6th, trading in our market was nominal owing to uncertain conditions prevailing in all markets. Fresh business was not expected to be resumed until accounts in connection with the current settlement were squared off. Prices in the meantime began to advance largely in sympathy with dollar sterling exchange movements. Ready rose to Rs. 58-4 and the Shanghai tael to 1*s* 8*d.* The daily offtake dwindled to 15 bars and stocks at 3,500 bars were considered quite ample.

Trading nominal.

In the third week of October the market developed sudden weakness following Shanghai advices. The prospects of an early amicable settlement of the Sino-Japanese situation in Manchuria and firmness in the dollar accounted for this position. Ready declined from Rs. 58 to Rs. 55, the tael from 1*s.* 8⅛*d.* to 1*s.* 7⅛*d.* and

Market develops sudden weakness.

the price in London from 17⅝*d.* to 16$\frac{11}{16}$*d.* per ounce standard. Business in Bombay still continued restricted pending the settlement of October accounts. The daily offtake and stock were unchanged at 10 to 15 bars and 3,500 bars respectively.

Trouble in Manchuria causes price to rise.

The fall, however, was temporary, since trouble between Japan and China continued and the dollar again became easier. By the end of October the price rose to Rs. 58-8 per 100 tolas spot. The tael improved to 1*s.* 8$\frac{3}{16}$*d.* and the price in London to 17$\frac{15}{16}$*d.* per ounce.

Offtake very low.

In the first week of November a firm tone characterised the market with a rise of Rs. 5-8 in the price of ready to Rs. 63 per 100 tolas, but trading for forward remained restricted. The acute tension between Japan and China was responsible for a sharp rise in the tael to 1*s.* 10⅜*d.* which was reflected here as well as in London, where the price rose to 19$\frac{9}{16}$*d.* per ounce standard. The offtake remained the same, *viz.*, 10 bars and stocks amounted to 3,600 bars.

Prices improve further.

Prices improved further during the second week of November, ready touching Rs. 66-8 per 100 tolas which constituted the highest of the year. The Sino-Japanese tension continued causing the tael to rise near 2 shillings and price in the London market touched the record level of 21$\frac{9}{16}$*d.* per ounce standard. In the following week, however, there was a cataclysmic fall owing to heavy unloading by American speculators who had continually increased their bull position on prospects of some international understanding in the matter of rehabilitation of silver. Chances, however, of such a Conference seemed remote as was evidenced from the attitude of the British Government. Mr. Neville Chamberlain, the Chancellor of the Exchequer of the National Government, stated that "Government did not consider that any useful purpose would be served by calling an International Conference on silver." The varying news of Sino-Japanese fighting in Manchuria were also not without their effect. The price in London fell by as much as 3$\frac{9}{16}$*d.* per ounce standard on the 16th followed by a proportionate decline in the Shanghai tael from 2 shillings to 1*s.* 9*d.* In the local market the ready rate lost about Rs. 7 to Rs. 58-12 per 100 tolas.

Market becomes erratic.

The market remained erratic on the following few days and there were wide day to day movements, ready fluctuating between Rs. 57-14 and Rs. 60-10 per 100 tolas. Conditions in the other principal markets were so uncertain that trading in the local market had to be limited. The daily offtake improved to about 60 bars at the lower level as there was a general feeling that the market would recover somewhat after a fall of nearly Rs. 7 from the top level. Stocks, however, were still plentiful at 4,550 bars at the end of November.

Wide fluctuations continue.

Wide fluctuations continued during December but the tendency on the whole was towards higher levels. Ready gradually moved up to Rs. 64 on the 8th and after a temporary set back, to Rs. 62-6, improved again to Rs. 64-5. Movements in the Shanghai tael were also wide ranging between 1*s.* 11$\frac{7}{16}$*d.* and 2*s.* $\frac{1}{8}$*d.*

In the latter half of December the market remained rather dull with narrow movements, although towards the close distinctly easier tendency was manifest. Ready declined gradually from Rs. 64-8 to Rs. 61-0 on the 29th with a slight reaction to Rs. 61-12. Trading in the market was restricted, attention being largely focussed on the gold market. The daily offtake declined again and during December averaged about 20 bars, while stocks were augmented by fresh arrivals and stood at about 9,000 bars at the end of the year.

Ready declines temporarily.

The total imports of silver bullion during the year amounted to 70,466,788 ounces valued at Rs. 7.82 crores, and the total sales of silver by Government during the same period are estimated at 25.7 million ounces valued at Rs. 2.44 crores.

Total imports and exports.

SHARES.

Market opens uncertain.

The share market opened under very uncertain conditions owing to the political situation in the country and price movements reflected changes in the outlook from time to time. The world economic depression with falling commodity prices adversely affected quotations. The investment demand was conspicuous by its absence and trading was largely confined to inter-bazar operations. The fluctuations in cotton mill shares were in addition subject to changes in the price of raw cotton and the offtake of mill cloth.

Tendency easy at the outset.

At the outset the tendency was easy and prices declined by 10 to 20 points in case of important cotton mill shares. Bombay Dyeings fell from Rs. 641-4 to Rs. 631-4, Centurys from Rs. 236 to Rs. 227-8 and Fazulbhoys from Rs. 356-4 to Rs. 327-8. In the miscellaneous group conditions were dull with a slight all round recession in rates. Railway shares showed no variation, while Bank shares were somewhat steadier on expectations of half-yearly dividends. Bank of India shares improved from Rs. 81-8 to Rs. 82-4 and those of the Central Bank from Rs. 14-8 to Rs. 14-14. Imperial Bank shares were steady at Rs. 1,205 for fully paid and Rs. 299-6 for Contributories.

Slight rise manifest.

In the following three weeks of January the market showed a rising tendency on the improved political outlook. Bombay Dyeings rose to Rs. 668-12, Centurys to Rs. 262-8 and Fazulbhoys to Rs. 351-4. In the miscellaneous group Tata Iron Ordys. advanced from Rs. 22-8 to Rs. 28-12 and Defds. from Rs. 267-8 to Rs. 285. Among electric company shares, Tata Hydros gained from Rs. 105 to Rs. 110, Andhra Valleys from Rs. 580-4 to Rs. 625 and Tata Powers from Rs. 392-8 to Rs. 440. Bombay Trams improved from Rs. 114-1 to Rs. 121-4 and Bombay Steams from Rs. 155 to Rs. 168-12. Cement shares were all steadier by a few points, while Railway shares were maintained. The Bank of India shares improved further to Rs. 86-8, while those of the Central Bank showed little change at Rs. 14-12. Imperial Bank shares were quoted at Rs. 1,152-8-xd. for fully paid and Rs. 286-4-xd. for Contributories.

Prices recede slightly.

At the close of the month there was a small all round recession owing to the monthly settlement, but this proved temporary and the steady tendency, particularly in mill shares, continued almost throughout February. Improved raw cotton prices combined with good offtake of locally manufactured piece-goods accounted for this tendency. The ensuing General Budget and the consummation of political peace negotiations at Delhi were not without their effects. Trading was on a moderate scale, though still largely inter-bazar. Bombay Dyeings rose steadily to Rs. 675, Centurys to Rs. 272-8 and Fazulbhoys to Rs. 368-12.

In the miscellaneous group, except Tata Iron Ordys. which were weak at Rs. 22-10, at the close, owing to curtailment in the railway construction programme, all other issues were almost stationary. Among Bank shares, Imperial Banks developed weakness, the price declining persistently to Rs. 1,065 for fully paid and Rs. 261-4 for partly paid by the end of February. Bank of India shares were quoted at Rs. 84-xd. and those of the Central Bank at Rs. 15.

Miscellaneous section weak.

Following the announcement of the Budget proposals on the 28th February, a firm and buoyant tone became manifest on the Stock Exchange, particularly for cotton mill shares owing to the proposal of an additional 5 per cent duty on imported cotton piece-goods. An additional factor was the steadiness in the price of raw cotton and the continued good offtake of Indian mill-made cloth. Bombay Dyeings rose from Rs. 666-4 to Rs. 740, Centurys from Rs. 251-4 to Rs. 282-8 and Fazulbhoys from Rs. 368-12 to Rs. 425. Miscellaneous shares also advanced in sympathy, Tata Iron Ordys. rising to Rs. 25-6, Tata Hydros to Rs. 111-4 and Tata Powers to Rs. 475. Tata Defds. had ceased to be a speculative counter owing to the fact that a very large block of these shares was concentrated in strong hands and speculators were afraid to trade in them in case they might get squeezed. Moreover, the industry was suffering from low prices owing to outside competition. The advance was nearly general, Bombay Burmahs moving up from Rs. 455 to Rs. 477-8, Bombay Trams rising to Rs. 121-4 and Bombay Steams to Rs. 182-8. Bundi Cements improved from Rs. 13-10 to Rs. 14-8 and Indian Cements from Rs. 170 to Rs. 187-8. Imperial Bank shares, after a further recession to Rs. 1,055 closed at Rs. 1,070, while other bank shares were practically unchanged.

Duties raised on imports and prices improve

The buoyant tone did not continue, and conditions once again became very dull. Prices declined somewhat on profit-taking and movements throughout March were narrow. Bombay Dyeings declined to Rs. 706-4, Centurys to Rs. 253-12 and Fazulbhoys to Rs. 392-8, but towards the end of the month, prices reacted to Rs. 726-4, Rs. 262-8 and Rs. 415 respectively. Quotations of miscellaneous shares were little altered throughout, while bank shares tended to be easier. Imperial Banks declined to Rs. 1,067-8 for fully paid, Bank of India to Rs. 82 and those of the Central Bank to Rs. 14-4.

Prices decline on profit-taking.

Throughout April and May the market remained very dull and inactive with a sagging tendency in prices. The offtake of mill cloth was decreasing and raw cotton prices were falling. Investment demand was completely absent and business was at a low ebb. Hopes of a revival in the cotton industry as a result of a merger affecting some 35 mills in Bombay, which had been under consideration for some time, disappeared when it became definitely known early in April that the scheme had not materialised. The share market and the investing public were disappointed, there being general regret that so beneficial a plan had been dropped. The cotton mill industry of Bombay is in dire need of re-organisation so as effectively to meet internal as well as external competition, and had the scheme been adopted it

Market becomes inactive.

Merger scheme fails.

would have gone a long way towards removing some of Bombay's disadvantages. The local mill industry cannot expect greater protection against foreign competition than the 20 per cent duty now in force, and if it cannot make its headway now, it has itself to blame.

Prices of Cotton Mill shares decline.

Bombay Dyeings declined steadily from Rs. 726-4 at the end of March to Rs. 671-4 at the close of May with slight reactions from time to time. Centurys fell from Rs. 262-8 to Rs. 218-12, while Fazulbhoys lost from Rs. 415 to Rs. 366-4. The miscellaneous section moved in sympathy throughout, Tata Iron Ordys. receding from the level of Rs. 25-4 to Rs. 19-12 and Defds. from Rs. 283-12 to Rs. 265, despite the publication of the report of an investigation committee which revealed that the position of the Company was sound. Bombay Burmahs dropped from Rs. 460 to Rs. 391-4 on unloading by tired holders. Tata Hydros receded from Rs. 112-8 to Rs. 103-12, Andhra Valleys from Rs. 602-8 to Rs. 550 and Tata Power from Rs. 470 to Rs. 410. Bombay Trams and Steams lost about 10 points each to Rs. 111-4 and Rs. 176-4 respectively. Cements were also easier, Bundis being quoted at Rs. 12-8-xd. and Indian Cements at Rs. 155-xd. Alcock shares, however, had shown a rising tendency owing to the rumours that the Company intended to give a cash bonus of about Rs. 100 per share. The price improved gradually from Rs. 166-4 to Rs. 194-6 at the end of May. Railway shares were not without their share in the general loss, Ahmedabad Prantij falling from Rs. 810 to Rs. 785 and Gujarat from Rs. 56 to Rs. 48. The bank shares were also no better, Imperial Banks declining to Rs. 1,052-8 for fully paid and Rs. 255 for Contributories. Bank of India shares were quoted at Rs. 80 and Central Banks at Rs. 14-8.

Miscellaneous section weakens.

Downward trend continues.

The downward trend continued during the first half of June with further price loss and restricted trading. Bombay Dyeings touched Rs. 657-8, and Fazulbhoys Rs. 342-8, while Centurys were slightly improved at Rs. 222-8. Of the miscellaneous shares, Tata Iron Ordys. declined to Rs. 17-12, Tata Hydros to Rs. 102-8,Bombay Trams to Rs. 102-8, Bombay Burmahs to Rs. 365 and Tata Powers to Rs. 395. Cement shares were also quiet, Bundis being quoted at Rs. 12 and Indian Cements at Rs. 141-4. Alcocks improved still further to Rs. 225-0. Railway shares worsened further, while bank shares were maintained.

Slight improvement occurs.

During the second half of June, however, prices showed some improvement following a rise in the price of raw cotton which had a sympathetic influence on all issues. Business was still not large and was mainly confined to inter-bazar trading. Investors were keeping aloof from the market. Bombay Dyeings rose from Rs. 657-8 to Rs. 692-8, Centurys from Rs. 222-8 to Rs. 241-4 and Fazulbhoys from Rs. 342-8 to Rs. 370. All others advanced proportionately. Miscellaneous shares improved in sympathy, Tata Iron Ordys. rising from Rs. 17-2 to Rs. 23-8, Tata Hydros from Rs. 102-8 to Rs. 106-14, Bombay Burmahs from Rs. 365 to Rs. 407-8 and Bombay Trams from Rs. 102-8 to Rs. 108-12. Bundi Cements rose from Rs. 12 to Rs. 13-4 and Indian Cements from Rs. 141-4 to Rs. 160. Alcocks were maintained at Rs. 215. Among railway shares, Ahmedabad Prantij steadied to Rs. 800, and

Tapti Valleys to Rs. 566-4. Imperial Bank shares were weak owing to rumours of a reduction in the half-yearly dividend. Fully paid shares fell to Rs. 1,022-8 and partly paid to Rs. 258-12. Other bank shares were slightly steadier, Bank of India at Rs. 80-4 and Central Bank at Rs. 14-7.

Dull conditions prevail.

Throughout July and up to the first week of August, the share market remained generally dull with only short spasms of activity. The disquieting news from the Continent of Europe created a feeling of hesitancy and trading was naturally restricted. Movements were narrow, Bombay Dyeings ranging between Rs. 671 and Rs. 693-12, Centurys between Rs. 233 and Rs. 240 and Fazulbhoys between Rs. 342 and Rs. 365. The miscellaneous section was also quiescent with small variations. Tata Iron Ordys. moved between Rs. 22 and Rs. 23, while Tata Hydros were steady at Rs. 110. Alcocks were steady at Rs. 221-4. All other issues, including railway shares, were more or less maintained.

Imperial Bank shares suffer a sharp decline.

Imperial Bank shares suffered a further heavy fall following the actual reduction in the rate of dividend from 16 per cent to 12 per cent per annum. The price fell persistently from Rs. 1,025 to Rs. 888-12 for fully paid up and from Rs. 257-8 to Rs. 218-12 for Contributories. Bank of India shares were also easier, receding from Rs. 81 to Rs. 75-12-xd. while those of the Central Bank steadied from Rs. 14-8 to Rs. 15-4.

Prices weaken.

At this juncture, the political situation in the country became rather uncertain and economic conditions on the Continent and in Great Britain boded disaster. Raw cotton prices were weaker and the market presented a nervous appearance. Speculators began to unload and prices declined by 10 to 30 points in case of high priced issues by the third week of August. Bombay Dyeings fell to Rs. 671-4, Centurys to Rs. 197-8 and Fazulbhoys to Rs. 305.

Miscellaneous shares drop.

Among miscellaneous shares Tata Iron Ordys. declined to Rs. 17-14, Tata Hydros to Rs. 105, Tata Power to Rs. 376-4 and Andhra Valleys to Rs. 550. Bombay Burmahs fell to Rs. 333-12, Bombay Trams to Rs. 99-6 and Bombay Steams to Rs. 166-4. Cement shares were also easier, Bundis at Rs. 12 and Indian Cements at Rs. 127-8. Railway shares lost further, Ahmedabad Prantij declining to Rs. 722-8 and Tapti Valleys to Rs. 547-8. Imperial Bank shares touched the low level of Rs. 825 for fully paid and Rs. 211-4 for Contributories, but reacted at this level to Rs. 890-8 and Rs. 221-4 respectively.

Prices rally somewhat.

In the last week of August, prices rallied slightly owing to the settlement, but as soon as this was over, the downward tendency became manifest again. By the third week of September, prices had declined another 10 to 20 points in case of big scrips. The working days during this period were fewer owing to a large number of public and bank holidays. Cotton mill shares suffered particularly owing to weak raw cotton prices. Bombay Dyeings fell to Rs. 643-12, Centurys to Rs. 172-8 and Fazulbhoys to Rs. 281-4. In the miscellaneous section, Tata Iron Ordys. eased to Rs. 16-6, Tata Power to Rs. 340 and Andhra Valleys to Rs. 532-8. Alcocks received a cash bonus of Rs. 100 and were quoted at Rs. 90-xrts. Railway and Bank shares were, however, maintained.

Buoyant tone prevails following abandonment of the gold standard.

Following the abandonment of the gold standard in Great Britain and the change in the Indian currency policy, the share market, like all other markets, assumed a buoyant tone and prices in almost all sections witnessed a fair advance. The cotton mills section found encouragement from the rise of 30 points in the price of raw cotton to Rs. 170 per candy. In addition Government proposed to levy surcharges of 25 per cent on all existing import duties from 30th September, which meant a further protection of about 5 per cent to the cotton industry. Prices advanced steadily throughout October with slight reactions on profit-taking. The volume of business, however, showed little improvement, investors still taking no interest in the market.

Trading largely inter-bazar.

Trading was still largely inter-bazar, Bombay Dyeings rose to Rs. 680, Centurys to Rs. 211-4 and Fazulbhoys to Rs. 333-12, and after slight upward and downward movements closed in the first week of November at about the same level.

Miscellaneous shares advance.

Miscellaneous shares advanced in sympathy and there was better investment demand for these issues. Tata Iron Ordys. rose from Rs. 17 to Rs. 31-4 and Defds. from Rs. 292-8 to Rs. 345. Tata Hydros steadied to Rs. 110 and Tata Powers to Rs. 370. Bombay Trams gained from Rs. 98-7 to Rs. 104-6, Bombay Steams from Rs. 163-12 to Rs. 171-4 and Bombay Burmahs from Rs. 328-12 to Rs. 370. Cement shares were in fair demand, Bundis at Rs. 14-12 and Indian Cements at Rs. 171-4. Railway shares also advanced, Tapti Valleys rising from Rs. 562-8 to Rs. 583-12. Bank shares, after being very quiet in mid-September, improved in early November. Imperial Banks rose from Rs. 842-8 to Rs. 860 for fully paid and the Bank of India from Rs. 72-12 to Rs. 76.

Lack of genuine investment demand.

In absence of genuine investment, however, prices began to decline. In the case of cotton mill shares the fall was further accentuated owing to weaker raw cotton. By the end of November prices fell by about 15 to 20 points in the case of high-priced issues. Bombay Dyeings declined to Rs. 652-8, Centurys to Rs. 215 and Fazulbhoys to Rs. 307-8.

Miscellaneous shares dull.

In the miscellaneous section similar movements were noticed with a limited amount of business transacted. Tata Iron Ordys. declined from Rs. 31-4 to Rs. 26-12, and Defds. from Rs. 345 to Rs. 311-4. Bombay Burmahs lost from Rs. 370 to Rs. 317-8 and Bombay Steams from Rs. 171-4 to Rs. 167-8. Railway shares showed little change during this period, while bank shares improved somewhat, Imperial Banks, fully paid, being quoted at Rs. 890 and Contributories at Rs. 217-8. Bank of India shares improved to Rs. 78 and those of the Central Bank to Rs. 14-2.

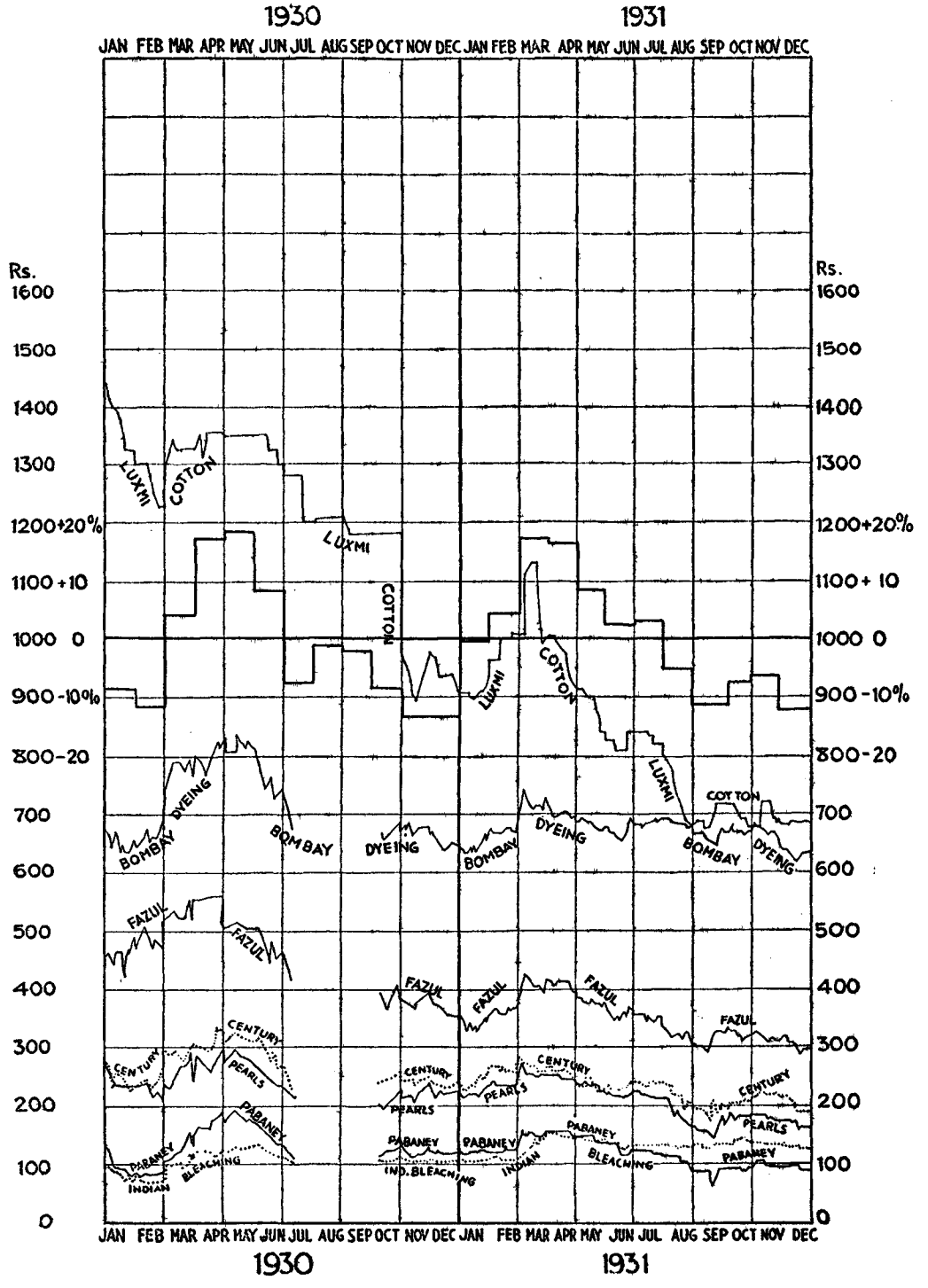
Prices decline.

During December the decline continued in cotton mill shares owing to unloading by tired holders and continued lower raw cotton prices. Trading still remained small and was largely confined to inter-bazar operations. Bombay Dyeings declined further to Rs. 613-12, Centurys to Rs. 185, and Fazulbhoys to Rs. 285, but recovered slightly towards the close to Rs. 631-4, Rs. 194-6 and Rs. 293-12 respectively.

Easy conditions characterise miscellaneous section.

The miscellaneous section was also characterised by easy conditions. Tata Ordys. dropped to Rs. 20-8 and deferred to Rs. 287-8 but the former closed at Rs. 22-2. Bombay Burmahs after declining to Rs. 305 finished at Rs. 318-12. Bank shares showed an easier tendency, the Imperial Banks suffering a sharp fall to Rs. 850 and the Bank of India to Rs. 74. At the close, however, there was a slight improvement to Rs. 860 in the case of Imperial Bank shares.

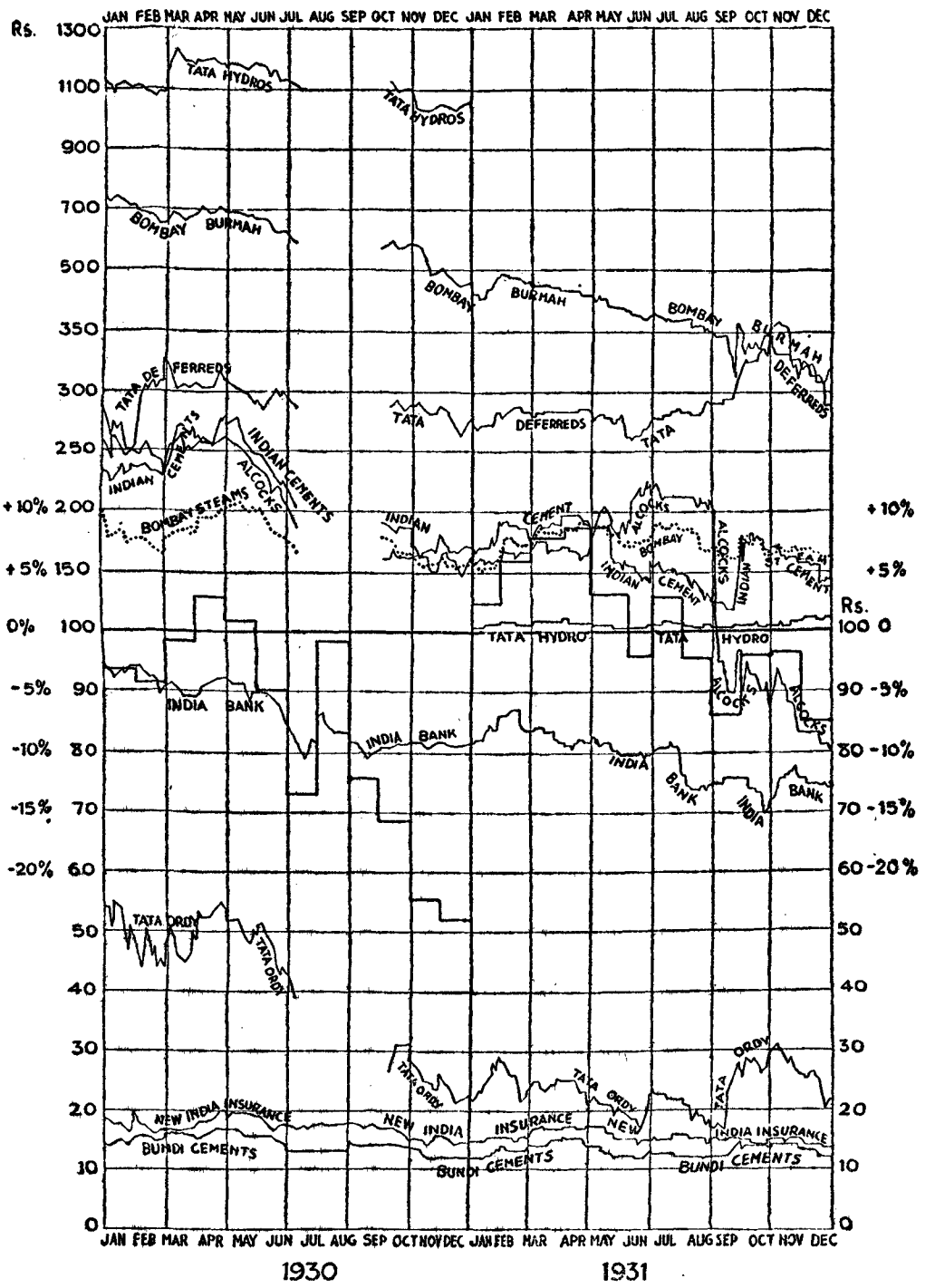
COTTON MILL SHARES.



———— Represents the monthly average rise or fall in per cent. from the opening rates of the years on the mill shares plotted on this graph.

NOTE.—Market was closed from 10th July to 11th October during 1930 on account of crisis in local share market.

MISCELLANEOUS SHARES CHART.



———— Represents the monthly average rise or fall in per cent. from the opening rates of the year on the miscellaneous shares plotted on this graph.

NOTE.—Market was closed from 10th July to 11th October during 1930 on account of crisis in local share market.

TATA-HYDRO shares have been split in 10 each of 100 and the graph line in 1931 represents market value for shares of Rs. 100.

Rs. 100 were paid in cash on Alcock shares.

STATISTICS.

EXCHANGE VARIATIONS.

Highest and lowest market selling quotations of Ready T. T. on London.

Months.	Highest.	Lowest.	Average.
January	1s. 5-3/4d. ..	1s. 5-3/4d. ..	1s. 5·750d.
February	1s. 5-3/4d. ..	1s. 5-3/4d. ..	1s. 5·750d.
March	1s. 5-7/8d. (23 to 27)..	1s. 5-3/4d. (2 to 6) ..	1s. 5·819d.
April	1s. 5-27/32d. (8, 9, 10).	1s. 5-13/16d. (1-7, 11-30).	1s. 5·816d.
May	1s. 5-27/32d. (5, 7) ..	1s. 5-25/32d. (30) ..	1s. 5·813d.
June	1s. 5-25/32d. (1, 2) ..	1s. 5-3/4d. (4-30) ..	1s. 5·753d.
July	1s. 5-13/16d. (7, 13) ..	1s. 5-3/4d. (1-4, 25-31).	1s. 5·789d.
August	1s. 5-3/4d. ..	1s. 5-3/4d. ..	1s. 5·750d.
September	1s. 5-3/4d. (1-21, 26-30)	1s. 5-23/32d. (25) ..	1s. 5·748d.
October	1s. 6-1/16d. (29-31) ..	1s. 5-3/4d. (1-15) ..	1s. 5·842d
November	1s. 6-5/32d. (12-14) ..	1s. 6-1/32d. (28, 30) ..	1s. 6·107d
December	1s. 6-1/8d. (17-30) ..	1s. 6-1/32d. (1-4) ..	1s. 6·089d.
		Average for the year ..	1s. 5·835d. *i.e.* over 1/5 $\frac{53}{64}$d.

GOVERNMENT'S STERLING REMITTANCES.

Week ending.	By transfer from P. C. R. to Home Treasury.		By transfer From G.S.R. in England against transfers of gold in India from P. C. R. to G. S. R. in India.	Sales of sterling in India.	By sterling purchased in India by tender and on tap.		
	To meet Stg. sales in India.	For Home charges.			Amount.	Tender Rate.	Tap rate up to next week.
	£	£	£	£	£		
3– 1–31	30,000	....	....	30,000	....	....	....
10– 1–31	270,000	640,000	....	270,000	....	....	....
17– 1–31	1,012,800	1,149,200	....	1,012,800	....	....	....
24– 1–31	874,695	295,000	....	874,695	....	....	....
31– 1–31	50,000	120,000	....	50,000	....	....	....
7– 2–31	648,750	430,000	....	648,750	....	....	....
14– 2–31	339,950	*Nil.*	....	339,950	....	....	....
21– 2–31	106,200	360,000	....	106,200	....	....	....
28– 2–31	70,000	*Nil.*	....	70,000	....	....	....
7– 3–31	7,740	*Nil.*	....	7,740	....	....	....
9– 5–31	....	....	3,000,000	....	....	....	....
16– 5–31	....	....	*Nil.*	....	....	....	....
23– 5–31	....	....	3,750,000	....	....	....	....
30– 5–31	....	....	*Nil.*	....	....	....	....
6– 6–31	....	....	*Nil.*	3,000	....	....	....
13– 6–31	....	....	*Nil.*	405,679	....	....	....
20– 6–31	....	....	1,820,884	1,412,205	....	....	....
27– 6–31	....	....	1,179,620	1,179,620	....	....	....
4– 7–31	....	....	13,000	13,000	....	....	....
11– 7–31	....	....	7,000	7,000	....	....	....
18– 7–31	....	....	2,250,000	*Nil.*	....	....	....
25– 7–31	....	....	*Nil.*	*Nil.*	....	....	....
1– 8–31	....	....	185,000	185,000	....	....	....
8– 8–31	....	....	100,500	100,500	....	....	....
15– 8–31	....	....	880,000	880,000	....	....	....
22– 8–31	....	....	1,352,000	1,352,000	....	....	....
29– 8–31	....	....	1,677,700	1,677,700	....	....	....
5– 9–31	....	....	1,372,400	1,372,400	....	....	....
12– 9–31	....	....	2,335,700	2,335,700	....	....	....
19– 9–31	....	....	2,749,000	2,749,000	....	....	....
26– 9–31	....	....	375,000	375,000	....	....	....
3–10–31	....	....	*Nil.*	*Nil.*	....	....	....
31–10–31	....	....	....	....	219,000	1/6–3/32	1/6–1/8
7–11–31	....	....	....	....	2,339,000	1/6–1/8	1/6–5/32
14–11–31	....	....	....	....	868,000	1/6–5/32	1/6–3/16
21–11–31	....	....	....	....	969,000	1/6–5/32	1/6–3/16
28–11–31	....	....	....	....	1,304,000	1/6–1/8	1/6–5/32
5–12–31	....	....	....	....	1,266,000	1/6–3/32	1/6–1/8
12–12–31	....	....	....	....	4,203,000	1/6–3/32	1/6–1/8
19–12–31	....	....	....	....	4,537,000	1/6–1/8	1/6–5/32
26–12–31	....	....	....	....	2,477,000	1/6–5/32	1/6–3/16
2– 1–32	....	....	....	....	1,630,000	....	1/6–5/32
	3,410,135	2,994,200	23,047,804	17,457,939	19,812,000	....	....

TRADE.

Imports and Exports of Merchandise and Treasure in lacs of rupees.

Months.	Exports including re-exports.	Imports.	Treasure. —Net Imports. +Net Exports.	Remittances to Secy. of State (adverse to India.)	Net balance of trade excluding Government Remittances.
January 1931	17,37	14,49	— 96	+3,01	+ 2,00
February „	15,13	13,65	—2,32	+1,51	— 81
March „	15,81	13,02	—1,01	— 3	+ 1,93
April „	14,08	12,56	— 62	— 6	+ 1,02
May „	13,50	11,40	— 69	— 4	+ 1,49
June „	12,58	12,13	— 6	+4,03	+ 44
July „	12,54	10,72	+ 45	+ 19	+ 2,31
August „	13,32	9,66	+ 3	+5,76	+ 3,77
September „	12,06	9,89	— 33	+8,89	+ 1,87
October „	13,09	10,00	+8,38	— 35	+ 11,49
November „	14,07	8,92	+8,14	—7,32	+ 13,37
December „	15,93	9,25	+16,88	—18,40	+ 23,67
Total for 1931 ..	169,48	135,69	+27,89	—2,81	+ 62,55

Source of information :—Accounts relating to the Sea-borne Trade and Navigation of British India.

CROPS :—SEASONS AND EXPORT VALUE.

Name of Article.	Crops sown.	Crops harvested.	Export commences.	Value of Exports from Decr. 1930 to 30th November 1931.
				In lacs. Rs.
Rice	May/June	November/December..	January.. ..	16,31·41
Jute	May/June	September/October ..	November ..	33,26·11*
Cotton	May/June and October	October/November and April/May.	November ..	38,53·13*
Tea	....	June/January ..	July	20,03·96
Cottonseed ..	....	October/November ..	December ..	16·42
Maize	July	October/November ..	December ..	0·08
Tilseed	July and October ..	November and March.	December/January.	4·09
Rapeseed ..	August/October	February/March ..	April/May ..	39·75
Mustardseed ..	August/October ..	February/March ..	April/May ..	6·74
Gram	September/October ..	February/March ..	May	14·64
Lentils	October	February/March ..	Late March ..	10·57
Peas (Beans) ..	October	March	April/May ..	13·07
Linseed ..	October	March/April	May	1,39·71
Barley	October/November ..	March/April	May	8·25
Wheat	October/November ..	April	May	82·43
Groundnut ..	August	December	January	9,83·06

* Value includes raw and manufactured articles.

CURRENCY RETURNS FOR EACH QUARTER.

In lacs of rupees.

During Quarter.	Note Circulation.		Metallic Reserve.		Average Percentage.
	Highest.	Lowest.	Highest.	Lowest.	
1914.					
Jan.-Mar. ..	66,12	63,94	52,12	49,94	78·46
Apr.-June ..	70,26	65,46	56,26	51,46	79·34
July-Sept. ..	75,45	60,52	61,45	46,52	79·15
Oct.-Dec. ..	61,19	60.78	47,19	46,78	77·04
1915.					
Jan.-Mar. ..	61,63	59,55	47,63	45,55	76·89
Apr.-June ..	66,48	60,24	52,48	46,24	77·85
July-Sept. ..	68,06	63,81	54,06	49,81	78·74
Oct.-Dec. ..	63,59	62,06	49,59	48,06	77·71
1916.					
Jan.-Mar. ..	67,73	62,42	47,73	45,51	71·68
Apr.-June ..	71,39	65,47	48,23	43,25	66·81
July-Sept. ..	75,48	71,55	52,42	48,49	68·60
Oct.-Dec. ..	82,17	73,32	50,12	41,21	58·60
1917.					
Jan.-Mar. ..	86,76	84,36	40,47	37,58	45·59
Apr.-June ..	93,29	82,72	32,11	30,64	35·72
July-Sept. ..	108,43	99,31	46,95	37,83	40·69
Oct.-Dec. ..	114,77	108,31	53,29	46,83	44·83
1918.					
Jan.-Mar. ..	104,82	99,79	43,34	38,31	39·86
Apr.-June ..	114,79	105,96	37,37	36,39	33·45
July-Sept. ..	134,38	121,41	48,39	38,75	33·96
Oct.-Dec. ..	147,09	136,43	54,77	50,44	37·10
1919.					
Jan.-Mar. ..	153,46	149,74	54,88	51,16	34·96
Apr.-June ..	162,76	153,72	64,18	55,14	37·65
July-Sept. ..	171,86	167,11	72,33	68,53	41·54
Oct.-Dec. ..	182,91	175,28	83,38	75,76	44·40
1920.					
Jan.-Mar. ..	185,15	174,52	87,66	84,94	48·00
Apr.-June ..	170.74	164,34	91,52	84,97	52·65
July-Sept. ..	163,87	157,63	94,98	94,21	58·86
Oct.-Dec. ..	161,41	159,58	93,79	83,16	55·10
1921.					
Jan.-Mar. ..	166,16	163,41	89,74	86,99	53·61
Apr.-June ..	171,76	167,32	95,42	90,91	54·94
July-Sept. ..	178,37	175,56	103,10	99,16	54·38
Oct.-Dec. ..	179,72	172,53	104,31	98,29	57·50
1922.					
Jan.-Mar. ..	174,76	173,87	103,84	99,16	58·22
Apr.-June ..	176,01	171,76	105,05	100,83	59·19
July-Sept. ..	182,26	180,41	113,99	109,41	61·59
Oct.-Dec. ..	179,63	174,18	115,42	110,91	63·96

During Quarter.	Note Circulation.		Metallic Reserve.		Average Percentage.
	Highest.	Lowest.	Highest.	Lowest.	
1923.					
Jan.-Mar. ..	174,70	172,65	111,37	109,37	63·54
Apr.-June ..	173,61	171,23	110,27	107,88	63·25
July-Sept. ..	179,29	175,72	121,81	114,36	64·19
Oct.-Dec. ..	183,41	178,30	123,34	108,93	64·16
1924.					
Jan.-Mar. ..	186,19	184,02	104,50	102,32	55·86
Apr.-June ..	181,33	172,49	100,97	98,98	56·52
July-Sept. ..	179,26	176,24	107,95	104,89	54·87
Oct.-Dec. ..	180,98	179,21	108,86	103,09	58·83
1925.					
Jan.-Mar. ..	184,19	181,12	100,00	98,60	54·36
Apr.-June ..	183,85	173,23	101,07	95,13	54·93
July-Sept. ..	189,51	179,46	112,40	101,07	57·82
Oct.-Dec. ..	191,87	189,61	112,50	105,65	57·17
1926.					
Jan.-Mar. ..	193,34	190,45	107,23	104,33	55·00
Apr.-June ..	191,44	184,91	113,24	106,47	57·82
July-Sept. ..	201,09	192,65	125,05	144,41	61·06
Oct.-Dec. ..	196,52	181,18	127,88	124,93	66·59
1927.					
Jan.-Mar. ..	184,13	180,03	126,79	124,23	68·90
Apr.-June ..	181,60	169,68	137,10	133,10	77·40
July-Sept. ..	181,81	173,69	144,71	138,23	79·88
Oct.-Dec. ..	183,37	178,57	145,34	138,28	78·53
1928.					
Jan-Mar. ..	186,28	182,65	137,32	135,12	73·32
Apr.-June. ..	186,09	177,15	135,36	127,93	72·14
July-Sept. ..	184,59	178,11	136,65	130,50	73·64
Oct.-Dec. ..	189,10	183,24	136,59	131,80	72·99
1929.					
Jan.-Mar. ..	192,47	188,03	132,17	130,92	69·17
Apr.-June ..	188,98	182,82	134,86	130,62	71·45
July-Sept. ..	187,69	185,02	145,21	136,21	76·15
Oct.-Dec. ..	187,21	179,10	145,80	140,27	78·45
1930.					
Jan.-Mar. ..	181,60	177,23	143,22	138,32	77·72
Apr.-June. ..	174,14	163,72	144,66	142,30	84·35
July-Sept. ..	172,36	164,71	154,03	145,60	89·15
Oct.-Dec. ..	173,06	161,34	155,37	151,73	92·27
1931.					
Jan.-Mar. ..	160,99	156,53	151,59	145,29	92·95
Apr.-June ..	160,25	152,53	152,94	146,57	95·58
July-Sept. ..	156,51	146,22	149,34	136,74	94·74
Oct.-Dec. ..	179,30	153,93	136,15	126,55	81·47

PRICE OF GOLD.

Months.	PRICE IN LONDON PER FINE OZ.		
	Highest.	Lowest.	Average.
	s. d.	s. d.	s. d.
January	85 1-1/8 (2, 3)	84 11-3/8 (22)	85 0·050
February	84 11½ (2-4, 7, 11-16, 19-21, 24-28)	84 10¾ (18)	84 11·390
March	84 11¾ (28)	84 9¾ (31)	84 10·937
April	84 10½ (9-13, 16, 20)	84 9¾ (17, 18, 21-23, 28-30)	84 10·108
May	84 11½ (6, 7, 16, 18)	84 9¾ (1-4, 8, 11, 12, 19-23, 27-30)	84 10·325
June	85 0¼ (16)	84 9¾ (1, 2, 29)	84 11·067
July	84 11½ (13, 15-31)	84 10-1/8 (10)	84 11·200
August	84 11½ (1, 6-10, 12-15 25-26, 28)	84 9¾ (4)	84 11·175
September	114 9 (25)	84 9¾ (2-7, 9-14)	91 2·697
October	108 6 (5)	103 8 (1)	106 3·444
November	117 11 (30)	108 2 (2)	110 8·960
December	126 10 (8)	118 9 (14)	122 5·600
		Average for the year ..	92 6·007

Months.	PRICE IN BOMBAY PER TOLA (for Ready).		
	Highest.	Lowest.	Average.
	Rs. a. p.	Rs. a. p.	Rs. a. p.
January	21 6 9 (19)	21 4 3 (3 to 8)	21 5 4
February	21 8 0 (11)	21 4 9 (3, 28)	21 5 5
March	21 4 6 (2)	21 3 6 (9-18, 25-31)	21 3 8
April	21 4 0 (16-21, 23)	21 3 6 (1-16, 29, 30)	21 3 9
May	21 4 0 (7-31)	21 3 9 (1-6, 11)	21 3 11
June	21 4 6 (24, 25)	21 3 9 (30)	21 4 0
July	21 4 0 (1-3)	21 3 9 (1, 4-31)	21 3 9
August	21 7 0 (24)	21 3 6 (15, 16)	21 4 1
September	25 9 0 (29)	21 4 3 (3, 17, 18)	22 5 6
October	26 5 0 (8)	24 12 0 (1)	25 11 8
November	28 13 0 (30)	25 15 6 (2)	26 12 0
December	31 2 0 (9)	28 10 0 (14)	29 10 9
		Average for the year ..	22-14-1

IMPORTS, EXPORTS, OFF-TAKE AND STOCKS OF GOLD.

Months.	Monthly import value of bar gold and coin into British India.	Monthly Export value of bar gold and coin from British India.	Monthly estimated off-take in Bombay.	Estimated stock at the end of each month in Bombay.
	Rs.	Rs.	Tolas.	Tolas.
January ..	24,53,199	32,36,964	180,000	2,50,000
February ..	24,10,918	*Nil.*	180,000	2,00,000
March ..	37,93,012	12,09,777	150,000	3,00,000
April ..	16,44,583	80	150,000	1,50,000
May ..	19,06,310	*Nil.*	120,000	1,25,000
June ..	16,04,330	64,03,338	105,000	1,25,000
July ..	20,66,967	42,67,109	100,000	1,25,000
August ..	21,57,001	28,95,380	90,000	1,25,000
September ..	31,00,119	29,28,923	120,000	3,00,000
October ..	49,27,180	9,05,43,614	150,000	3,00,000
November ..	27,01,827	8,57,45,198	150,000	2,50,000
December ..	29,93,843	17,76,52,468	150,000	4,00,000
Total ..	3,17,59,289	37,48,82,851	1,645,000	....

PRICE OF BAR SILVER.

Months.	PRICE IN LONDON PER STANDARD OUNCE (Ready).		
	Highest.	Lowest.	Average.
	d.	d.	d.
January	14 1/2 (2)	13 3/16 (9)	13·810
February	13 1/4 (2)	12 (9)	12·432
March	14 1/2 (16)	12 5/8 (2, 3)	13·524
April	13 1/2 (18)	12 5/8 (8)	13·119
May	13 1/4 (7)	12 1/8 (29)	12·857
June	13 13/16 (22, 27)	12 3/16 (10)	12·706
July	13 3/4 (3)	12 11/16 (25)	13·196
August	13 1/8 (5)	12 9/16 (10)	12·815
September	19 1/2 (25)	12 3/4 (18)	14·101
October	18 3/16 (31)	15 15/16 (1, 2)	17·152
November	21 9/16 (10, 14)	18 (16)	19·392
December	20 11/16 (8)	19 1/8 (3)	20·022
	Average for the year		14·594

Months.	PRICE IN BOMBAY PER 100 TOLAS (Ready).		
	Highest.	Lowest.	Average.
	Rs. a.	Rs. a.	Rs. a. p.
January	44 3 (2)	41 5 (15, 31)	42 4 2
February	44 4 (26)	39 0 (9)	41 8 11
March	45 14 (16)	41 10 (2, 3)	43 14 8
April	44 14 (20)	41 12 (4)	43 4 1
May	44 5 (7)	42 6 (31)	43 6 1
June	45 7 (27)	41 13 (10)	42 15 9
July	45 4 (3, 4)	43 3 (27)	44 0 5
August	44 8 (5)	43 3 (20)	43 11 9
September	57 0 (29)	43 3 (2)	46 6 8
October	58 8 (31)	53 0 (1, 2)	56 8 6
November	66 8 (12)	57 14 (23)	61 13 1
December	64 5 (11)	59 10 (1)	62 4 5
	Average for the year..		47 10 10½

Note:—The price includes duty of Rs. 9-6 per 100 tolas up to 1st March 1931, Rs. 14-1-0 up to 30th September 1931 and Rs. 17-9-3 from 1st October 1931.

IMPORTS, OFF-TAKE AND STOCKS OF SILVER.

Months.	Monthly imports of bar silver into British India.	Monthly estimated off-take in Bombay.*	Estimated stock at the end of each month in Bombay.
	St. Ounces.	(In bars of	2,800 tolas.)
January	8,572,283	5,250	900
February	31,779,553	8,550	14,700
March	2,457,938	3,700	11,400
April	2,200,654	5,200	6,500
May	3,961,522	4,400	2,800
June	4,287,052	3,900	1,100
July	2,204,738	900	900
August	2,080,993	1,100	1,100
September	4,638,305	1,400	2,900
October	1,190,231	1,200	3,100
November	1,957,061	450	4,300
December	4,416,658	1,100	9,000
Total ..	70,466,788	37,150	....

1 Tola=$\frac{3}{8}$ oz. =180 grains. 1 Lac=100,000. 1 Crore=10,000,000.

* The above off-take does not include 1,300 bars railed upcountry in January; Shipments on private account to Hongkong, London and Shanghai are also not included in this off-take.

GOVERNMENT SECURITIES.

RUPEES.

Security.	When Issued.	Amount outstanding as at 30th Septr. 1931.	When Repayable.	Dates when interest is due.
		Rs.		
3 per cent. Loan	1896	5,43,06,000	At the option of Government after three months' notice.	June 30, Dec. 31.
3½ per cent. Loan	1843	22,73,40,000		Feb. 1, Aug. 1.
Do.	1854	23,37,46,000		June 30, Dec. 31.
Do.	1865	36,55,23,000		May 1, Nov. 1.
Do.	1879	2,86,72,000		Jan. 16, July 16.
Do.	1900	34,55,32,000		June 30, Dec. 31.
4 per cent. Conversion Loan	1916	9,90,01,000	On Oct. 1, 1931, at three months' notice or not later than Oct. 1, 1936.	April 1, Oct. 1.
4 per cent. Loan	1926	29,49,71,000	On or before 15th Sept. 1970 but not preceding 15th Sept. 1960 at three months' notice.	March 15, Sept. 15.
4 per cent. Loan	1927	19,53,79,000	On or before 1st August 1937 but not preceding 1st August 1934 with three months' previous notice.	August 1, Feb. 1.
4½ per cent. Bonds ..	1928	25,98,05,000	On 15th Sept. 1934.	March 15, Sept. 15.
4½ per cent. Loan	1928	9,05,70,000	On or before Sept. 15, 1960, but not preceding 15th Sept. 1955, with 3 months' previous notice.	March 15, Sept. 15.
5 per cent. War Loan ..	1917	19,69,97,000	Aug. 15, 1929, to Aug. 15, 1947.	Feb. 15, Aug. 15.
5 per cent. Income-tax free Bonds.	1923 / 1924	21,45,58,000	Sept. 1, 1933.	March 1, Sept. 1.
5 per cent. Ten Year Bonds	1925	12,83,15,000	Sept. 15, 1935.	March 15, Sept. 15.
5 per cent. Income-tax free Loan*	1919	56,84,67,000	After Oct. 15, 1945, at three months' notice and not later than Oct. 15, 1955.	April 15, Oct. 15.
Do.	1923			
Do.	1924			
5 per cent. Loan	1929	28,22,86,000	After July 15, 1939, at three months' notice and not later than July 15, 1944.	Jan. 15, July 15.
6 per cent. Bonds* ..	1922	14,63,40,000	Oct. 1, 1932.	April 1, Oct. 1.
Do.	1930	29,70,81,000	On or before 15th Aug. 1936, but not preceding 15th August 1933, with three months' previous notice.	Feb. 15, Aug. 15.
6½ per cent. Treasury Bonds	1931	12,01,86,000	Sept. 15, 1935.	Mar. 15, Sept. 15.
6¼ per cent. Punjab Loan..		1,00,00,000	1933.	April 16, Oct. 16.
6½ per cent. Bombay Development Loan* ..	1920	9,38,93,300	Nov. 1, 1935.	May 1, Nov. 1.
Total Rs. ..	..	4,25,29,68,300		

The interest on Loans marked * is exempt from Income-tax, but not from Super-tax. It will be taken into account in determining the rate at which Income-tax will be levied on other income.

GOVERNMENT SECURITIES.

Sterling.

Description.	When issued.	Total sum raised.	Amount outstanding as on 30th Sept. 1931.	Date of termination of Loan.	When Int. due.
		£	£		
India 5½ per cent. Stock.	1922	21,277,719	14,872,568	Repayable at par on 15th January 1932.	January 15. July 15.
India 4½ per cent. Stock.	1922–23	40,000,000	39,852,418	If not previously redeemed, will be repaid at par on 15th May 1955 with right to redeem at par on, or on any half yearly int. dates after 15th May 1950 at 3 months' notice.	May 15. November 15.
India 4½ per cent. Stock.	1928	17,500,000	17,500,000	If not previously redeemed, will be paid at par on 1st June 1968 with right to redeem at par on, or on any half yearly int. date after 1st June 1958 on giving 3 months' notice.	December 1. June 1.
India 3½ per cent. Stock.	Between 1887 & 1912.	88,767,884	88,667,884	Not redeemable until 5th January 1931, but on or after that day upon one year's notice.	January 5. April 5. July 5. October 5.
India 3 per cent. Stock.	Between 1894 & 1921-24.	77,065,347	77,024,185	Not redeemable until 5th October 1948, but on or after that day upon one year's notice.	January 5. April 5. July 5. October 5.
India 2½ per cent. Stock.	1896-98	11,539,986	11,539,986	Redeemable at any time at Government's option with one year's previous notice.	January 5. April 5. July 5. October 5.
India 6 per cent...	1930	6,000,000	6,000,000	If not redeemed on 15th June 1932 will be repaid on 15th June 1933 at £ 101 on three months' notice.	June 15. Dec. 15.
Do. ..	1930	7,000,000	7,000,000	15th June 1933 or on any half yearly interest date thereafter at three months' notice but not later than 15th June 1935.	June 15. Dec. 15.
Do. ..	1930 (15 Oct.)	12,000,000	12,000,000	On 15th October 1935 or on any interest date thereafter at three months' notice, but not later than 15th October 1937.	April 15. October 15.
India 5½ per cent. Stock "A".	1931	12,000,000	12,000,000	On 15th July 1936 or on any half yearly interest date thereafter at 3 months' notice but not later than 15th July 1938.	
Do. ..	1931	5,181,249	5,181,249	Do.	
India 6 per cent. Bonds.	1931	10,000,000	10,000,000	If not redeemed on 15th December 1933, will be repaid at par after 3 months' notice but not later than 15th December 1934.	
		Total Debt in England	301,638,290	@1s. 6d=Rs. 402·19 crores.	

TREASURY BILLS OUTSTANDING ON 31ST DECEMBER 1931.

Approximate due date.	Amount Issued	Average Rate.	Tenure.	Date of Issuance.
	Rs.	Rs. a. p.		
30th December to 5th January 1932 ..	80,75,000	98 4 0	3 months.	30th September to 5th October 1931.
1st to 6th January 1932	39,50,000	97 9 6	6 ,,	1st to 6th July 1931.
2nd January 1932	29,75,000	5 1 4	9 ,,	2nd April 1931.
2nd January 1932	70,75,000	7 3 11	3 ,,	2nd October 1931.
3rd January 1932	16,75,000	4 15 0	6 ,,	3rd July 1931.
7th to 12th January 1932	1,67,25,000	98 4 0	3 ,,	7th to 12th October 1931.
8th to 13th January 1932	24,00,000	97 9 6	6 ,,	8th to 13th July 1931.
9th January 1932	66,00,000	7 3 11	3 ,,	9th October 1931.
10th January 1932	35,00,000	5 0 8	9 ,,	10th April 1931.
10th January 1932	51,75,000	4 15 0	6 ,,	10th July 1931.
14th to 21st January 1932	3,52,50,000	98 4 0	3 ,,	14th to 21st October 1931.
15th to 20th January 1932	69,00,000	96 4 6	9 ,,	15th to 20th April 1931.
15th to 20th January 1932	9,00,000	97 9 6	6 ,,	15th to 20th July 1931.
16th January 1932	1,87,50,000	7 4 0	3 ,,	16th October 1931.
17th January 1932	73,75,000	5 0 5	9 ,,	17th April 1931.
17th January 1932	20,25,000	4 15 0	6 ,,	17th July 1931.
22nd to 25th January 1932	2,50,000	97 9 6	6 ,,	22nd to 25th July 1931.
22nd to 27th January 1932	1,04,50,000	96 4 6	9 ,,	22nd to 27th April 1931.
23rd to 26th January 1932	2,44,50,000	98 4 0	3 ,,	23rd to 26th October 1931.
24th January 1932	8,00,000	5 0 7	9 ,,	24th April 1931.
24th January 1932	31,25,000	4 15 0	6 ,,	24th July 1931.
24th January 1932	1,43,75,000	7 2 4	3 ,,	24th October 1931.
30th January 1932	1,21,75,000	7 2 9	3 ,,	30th October 1931.
31st January 1932	1,50,000	4 14 2	6 ,,	31st July 1931.
TOTAL ..	19,51,25,000			
28th January to 2nd February 1932 ..	2,03,00,000	98 4 0	3 ,,	28th October to 2nd November 1931.
29th January to 3rd February 1932 ..	4,50,000	97 9 6	6 ,,	29th July to 3rd August 1931.
30th January to 4th February 1932 ..	26,75,000	96 4 6	9 ,,	30th April to 4th May 1931.
1st February 1932	10,25,000	5 0 6	9 ,,	1st May 1931.
4th to 10th February 1932	1,87,75,000	98 4 0	3 ,,	4th to 10th November 1931.
5th to 10th February 1932	6,25,000	97 9 6	6 ,,	5th to 10th August 1931.
6th to 11th February 1932	15,75,000	96 4 6	9 ,,	6th to 11th May 1931.
6th February 1932	1,32,75,000	7 3 9	3 ,,	6th November 1931.
7th February 1932	18,00,000	5 2 10	6 ,,	7th August 1931.
8th February 1932	34,75,000	5 0 7	9 ,,	8th May 1931.
12th to 17th February 1932	62,00,000	96 15 0	6 ,,	12th to 17th August 1931.
12th to 16th February 1932	2,00,75,000	98 4 0	3 ,,	12th to 16th November 1931.
13th February 1932.	1,44,00,000	7 3 10	3 ,,	13th November 1931.
13th to 18th February 1932	68,00,000	96 4 6	9 ,,	13th to 18th May 1931.
14th February 1932	36,50,000	6 3 4	6 ,,	14th August 1931.
15th February 1932	61,25,000	5 0 8	9 ,,	15th May 1931.
18th to 23rd February 1932	2,44,75,000	98 4 0	3 ,,	18th to 23rd November 1931.
19th to 24th February 1932	78,50,000	96 14 3	6 ,,	19th to 24th August 1931.
20th to 23rd February 1932.	22,50,000	96 4 6	9 ,,	20th to 23rd May 1931.
20th February 1932	1,54,75,000	7 3 9	3 ,,	20th November 1931.
21st February 1932	51,25,000	6 4 2	6 ,,	21st August 1931.
22nd February 1932	17,25,000	5 0 8	9 ,,	22nd May 1931.
25th to 30th February 1932	1,63,50,000	98 4 0	3 ,,	25th to 30th November 1931.
26th to 28th February 1932	44,25,000	96 13 0	6 ,,	26th to 31st August 1931.
27th February 1932	45,75,000	5 0 8	9 ,,	27th May 1931.
27th February 1932	1,15,00,000	7 3 8	3 ,,	27th November 1931.
28th February 1932	53,50,000	6 6 10	6 ,,	28th August 1931.
TOTAL ..	22,63,25,000			
26th February to 1st March 1932. ..	7,75,000	96 4 6	9 ,,	26th May to 1st June 1931.
2nd to 7th March 1932	1,64,25,000	98 4 0	3 ,,	2nd to 7th December 1931.
2nd to 8th March 1932	42,75,000	96 12 3	6 ,,	2nd to 8th September 1931.
3rd March 1932	18,00,000	6 8 0	6 ,,	3rd September 1931.
4th to 8th March 1932	3,75,000	96 4 6	9 ,,	4th to 8th June 1931.
4th March 1932	96,75,000	7 3 11	3 ,,	4th December 1931.
5th March 1932	24,75,000	5 0 6	9 ,,	5th June 1931.
9th to 14th March 1932	1,98,00,000	98 4 0	3 ,,	9th to 14th December 1931.
10th to 12th March 1932	29,50,000	96 12 0	6 ,,	10th to 12th September 1931.
10th to 15th March 1932	2,00,000	96 4 6	9 ,,	10th to 15th June 1931.
14th March 1932	67,50,000	6 9 0	6 ,,	14th September 1931.
14th March 1932	1,21,50,000	7 4 0	3 ,,	14th December 1931.
12th March 1932	52,50,000	5 0 8	9 ,,	12th June 1931.
15th to 21st March 1932	31,25,000	96 12 0	6 ,,	15th to 21st September 1931.
16th to 21st March 1932	1,21,25,000	98 4 0	3 ,,	16th to 21st December 1931.
17th to 22nd March 1932..	2,75,000	96 4 6	9 ,,	17th to 22nd June 1931.
18th March 1932	30,75,000	6 9 11	6 ,,	18th September 1931.
18th March 1932	63,75,000	7 3 11	3 ,,	18th December 1931.
19th March 1932	26,25,000	5 0 8	9 ,,	19th June 1931.
23rd March 1932	56,00,000	7 3 11	3 ,,	23rd December 1931.
24th to 29th March 1932	1,00,000	96 4 6	9 ,,	24th to 29th June 1931.
25th March 1932	10,25,000	96 6 0	6 ,,	25th September 1931.
26th March 1932	15,25,000	5 0 8	9 ,,	26th June 1931.
26th to 28th March 1932	19,25,000	96 8 0	6 ,,	26th to 28th September 1931.
TOTAL ..	11,16,75,000			
TOTAL for April to June ..	6,90,00,000			
GRAND TOTAL ..	60,21,25,000			

STATEMENT OF LOANS RAISED BY THE BOMBAY MUNICIPALITY.

Date of Issue.	Rate of Interest.	Amount outstanding on 31st December 1931.	Dates on which half-yearly payments of Interest are due.	When repayable.
		Rs.		
Between 5th January 1886 and 24th December 1891 ..	5 per cent.	1,45,00,000	1st April, 1st October.	Between 1st January 1933 and 1st January 1953.
1894-95 ..	4 per cent.	23,25,000	1st January, 1st July.	1st July 1935.
1896-99 ..	3½ per cent.	10,00,000	,, ,,	1st July 1936.
	4 per cent.	5,75,000		
1899 ..	,,	25,00,000	1st May, 1st November.	1st November 1939.
1899-1900 ..	,,	19,25,000	1st June, 1st December.	1st June 1940.
1901-03 ..	,,	24,75,000	,, ,,	1st June 1943.
1904 ..	,,	12,75,000	1st February, 1st August.	1st August 1934.
1905-07 ..	,,	24,75,000	,, ,,	1st August 1946.
1908 ..	,,	13,50,000	1st May, 1st November.	1st May 1938.
1909 ..	,,	15,00,000	,, ,,	1st May 1949.
1909-10 ..	,,	30,00,000	,, ,,	1st May 1949.
1911-13 ..	,,	55,00,000	1st June, 1st December.	1st June 1942.
1913-14 ..	,,	70,00,000	,, ,,	1st June 1954 and 1st June 1974.
1913-15 ..	,,	20,00,000	1st May, 1st November.	1st May 1955.
1915 ..	,,	43,00,000	,, ,,	1st May 1945.
1920 ..	5 per cent.	10,00,000	1st January, 1st July.	1st July 1980.
1920 ..	4 per cent.	30,00,000	,, ,,	1st January 1951.
1920 ..	6½ per cent.	50,00,000	1st May, 1st November.	1st Nov. 1935-1950.
1921 ..	,,	75,00,000	,, ,,	1st Nov. 1936-1951.
1922 ..	5½ per cent.	42,13,691	31st March (yearly).	By annual equated payments.
1922 ..	4¾ per cent.	20,77,587	,, ,,	,, ,,
1922-23 ..	5½ per cent.	99,07,774	,, ,,	,, ,,
1922-23 ..	6 per cent.	21,66,785	,, ,,	,, ,,
1923-24 ..	,,	2,21,02,452	,, ,,	,, ,,
1924 ..	,,	56,16,201	,, ,,	,, ,,
1924-25 ..	5¾ per cent.	1,34,27,229	,, ,,	,, ,,
1924-25	5½ per cent.	46,14,754	,, ,,	,, ,,
1924 ..	6 per cent.	67,77,000	1st June, 1st December.	1st December 1954.
1924-25 ..	,,	92,23,000	,, ,,	,, ,,
1926 ..	5½ per cent.	36,91,806	31st March (yearly).	By annual equated payments.
1926-27 ..	5 per cent.	65,45,885	,, ,,	,, ,,
1928 ..	,,	38,10,200	,, ,,	,, ,,
1928 ..	,,	25,00,000	1st January, 1st July.	1st January 1958.
1929 ..	,,	26,21,500	1st August, 1st February.	1st August 1959.
1929 ..	,,	26,14,000	,, ,,	1st ,, 1949-59.
1929 ..	,,	8,45,500	,, ,,	1st ,, 1954-59.
1930 ..	6 per cent.	40,00,000	1st June, 1st December.	1st Dec. 1950 or thereafter at 3 months' notice but not later than 1st Dec. 1960.
Total ..		17,69,55,364		

STATEMENT OF LOANS RAISED BY THE BOMBAY IMPROVEMENT TRUST TO END OF 1931.

Description of Loans (all for 60 years).	When issued.	Amount raised in lacs of rupees.	Rate of Interest.	Dates on which half-yearly payments of interest are due.
Rupee Coupon Debenture Loan	1899	50·00	4 per cent.	1st May, 1st Nov.
Debenture Loan	1901	30·00	Do.	1st Jan., 1st July.
Do. do.	1902	30·00	Do.	Do. do.
Do. do.	1903	60·00	Do.	Do. do.
Do. do.	1904	50·00	Do.	Do. do.
Do. do.	1905	30·00	Do.	Do. do.
Do. do.	1906	20·00	Do.	Do. do.
Do. do.	1907	15·00	Do.	Do. do.
Do. do.	1908	30·00	Do.	Do. do.
Sterling Coupon Debenture Loan	1909	84·99	Do.	Do. do.
Do. do. ..	1910	49·95	Do.	Do. do.
Debenture Loan	1912	25·00	Do.	Do. do.
Do. do.	1913	18·00	Do.	Do. do.
Do. do.	1914	50.00	Do.	Do. do.
Do. do.	1916	25·00	Do.	Do. do.
Do. do.	1919	40·00	5 per cent.	1st May, 1st Nov.
Do. do.	1920	70·00	6 „	Do. do.
Do. do.	1920	275·00	6½ „	Do. do.
Do. do.	1921	95·00	6½ „	Do. do.
Do. do.	1922	45·00	4¾ „	31st March (annually).
Do. do.	1922-23	172·00	5½ „	Do.
Do. do.	1923-24	89·00	6 „	Do.
Do. do.	1924-25	100·00	5¾ „	Do.
Do. do.	1925-26	70·00	5½ „	Do.
Do. do.	1926	25·00	5 „	1st Jan., 1st July.
Do. (43 year Loan) ..	1927	25·00	4 „	Do. do.
Do. (10 year Loan) ..	1928	20·00	4½ „	Do. do.
Do. (60 years) ..	1929	25·00	5½ „	Do. do.
Do. (6 year Loan) ..	1930	20·00	6 „	Do. do.
Do. (do.) ..	1931	30·00	6½ „	Do. do.
Total ..		16,68·94		

STATEMENT OF LOANS RAISED BY THE BOMBAY PORT TRUST TO THE END OF DECEMBER 1931.

Description of Loan.	Amount raised.	Rate of Interest.	Dates on which half-yearly payments of interest are due.	When redeemable.
	Rs.			
Foreshore Securities (Guaranteed) ..	75,42,800	4%	1st April, 1st Oct.	After expiration of three months' notice to be given by the Trustees.
Debenture Loans (unguaranteed).				
1902 (30 years) ..	13,50,000	4%	1st March, 1st Sept.	1st Sept. 1932.
1903 „ ..	16,00,000	„	„ „	1st Nov. 1933.
1904 (60 yrs.) ..	36,50,000	„	1st Jan., 1st July.	1st Nov. 1964.
1905 „ ..	35,00,000	„	1st Feb., 1st Aug.	1st Nov. 1965.
1906 „ ..	15,00,000	„	1st March, 1st Sept.	1st Feb. 1967.
1906 (30 yrs.) ..	6,00,000	„	„ „	1st Feb. 1937.
1907 (60 yrs.) ..	44,00,000	„	1st May, 1st Nov.	1st Feb. 1968.
1908 „ ..	75,00,000	„	1st March, 1st Sept.	1st Feb. 1969.
1909 „ ..	40,00,000	„	1st Jan., 1st July.	1st Jan. 1970.
1910 „ ..	56,00,000	„	1st April, 1st Oct.	1st Jan. 1971.
1911 „ ..	75,00,000	„	1st June, 1st Dec.	1st Jan. 1972.
1912 „ ..	1,10,00,000	„	1st Feb., 1st Aug.	1st Feb. 1973.
1913 (47 yrs.) ..	14,35,876	„	1st April, 1st Oct.	31st March 1960.
1913 (60 yrs.) ..	80,00,000	„	1st Jan., 1st July.	1st Jan. 1974.
1914 „ ..	88,25,000	„	1st April, 1st Oct.	1st Jan. 1975.
1914 (30 yrs.) ..	38,75,000	„	1st May, 1st Nov.	1st Nov. 1944.
1915 (45 „) ..	10,00,000	„	1st April, 1st Oct.	31st March 1960.
1915 (60 „) ..	55,00,000	„	1st June, 1st Dec.	5th Oct. 1975.
1916 (20 „) ..	25,00,000	4½%	1st May, 1st Nov.	1st Nov. 1936.
1922 (37⅓ „) ..	61,61,000	4%	1st June, 1st Dec.	31st March 1960.
1924 (35½ „) ..	11,51,000	„	1st April, 1st Oct.	31st March 1960.
1926 (35 5/12 „) ..	10,25,000	3½%	1st May, 1st Nov.	31st March 1960.
1929 (30 „) ..	35,00,000	„	1st Feb., 1st Aug.	1st Aug. 1959.
1930 (20 „) ..	38,50,000	4%	1st Jan., 1st July.	1st Jan. 1950.
1930 (30 „) ..	12,50,000	3½%	1st May, 1st Nov.	1st Nov. 1960.
1930 „ ..	12,50,000	„	„ „	1st Nov. 1960.
1931 „ ..	12,50,000	„	„ „	1st Nov. 1961.
Loans in England.				
1909 (30 yrs.) ..	66,66,666* (£500,000)	4%	1st Jan., 1st July.	1st July 1939.
1910 „ ..	66,66,666* (£500,000)	„	„ „	1st July 1940.
1922 „ ..	2,13,33,333* (£1,600,000)	6%	1st Feb., 1st Aug.	1st Aug. 1952.
Grand Total ..	14,49,82,341			

* Exchange calculated at 1*s.* 6*d.* to the rupee.

PRICES OF GOVERNMENT SECURITIES.

—		3½ per cent. paper.	4 per cent. Loans.			4½ per cent. Loans.		5 per cent. Loans.					6 per cent. Bonds.			6½ Treasury Bonds.	6½ per cent. Bombay Development Loan.
			1931-36.	1934-37.	1960-70.	1934.	1955-60.	1929-47.	1933.	1939-44.	1935.	1945-55.	1931.	1932.	1933-36.	1935.	
		Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
Jan.	Highest ..	63 8 0	90 5 0	89 4 0	74 2 0	95 0 0	83 3 0	94 10 0	100 0 0	94 0 0	96 2 0	100 12 0	101 0 0	101 15 0	100 10 0	..	104 11 0
	Lowest ..	62 9 0	90 0 0	89 0 0	74 0 0	94 10 0	83 0 0	94 7 0	99 12 0	93 4 0	95 12 0	100 7 0	100 4 0	101 4 0	100 0 0	..	104 8 0
	Average ..	62 15 3	90 2 11	89 2 6	74 0 3	94 14 0	83 1 3	94 8 4	99 14 4	93 10 2	96 0 10	100 9 8	100 12 2	101 12 6	100 5 7	..	104 9 10
Feb.	Highest ..	62 12 0	90 0 0	89 0 0	74 0 0	94 10 0	83 0 0	94 7 0	99 11 0	93 4 0	95 12 0	100 7 0	100 4 0	101 4 0	99 15 0	..	104 8 0
	Lowest ..	61 8 0	89 8 0	88 8 0	73 3 0	94 7 0	82 12 0	94 3 0	98 15 0	92 8 0	95 4 0	99 10 0	100 0 0	100 13 0	99 9 0	..	104 2 0
	Average ..	62 4 5	89 13 3	88 12 6	73 11 9	94 8 5	82 14 9	94 5 8	99 6 0	92 15 0	95 7 9	100 1 1	100 2 3	101 2 4	99 12 5	..	104 5 10
March	Highest ..	64 0 0	89 6 0	88 6 0	73 8 0	94 8 0	82 12 0	94 6 0	100 0 0	93 4 0	95 7 0	101 8 0	100 4 0	101 0 0	100 1 0	..	104 7 0
	Lowest ..	61 5 0	89 2 0	88 2 0	73 0 0	94 2 0	82 10 0	94 3 0	98 15 0	92 4 0	95 2 0	100 1 0	100 0 0	100 13 0	99 8 0	..	104 2 0
	Average ..	63 0 9	89 5 0	88 5 0	73 3 4	94 5 9	82 11 4	94 4 2	99 5 3	92 11 8	95 4 6	100 14 7	100 3 0	100 14 9	99 14 1	..	104 5 7
April.	Highest ..	63 3 0	89 10 0	88 11 0	75 0 0	94 11 0	82 12 0	94 9 0	99 14 0	93 11 0	95 10 0	101 0 0	100 5 0	101 2 0	100 5 0	..	104 10 0
	Lowest ..	62 9 0	89 6 0	88 6 0	73 11 0	94 7 0	82 12 0	94 6 0	99 8 0	93 4 0	95 7 0	100 14 0	100 4 0	100 14 0	100 0 0	..	104 7 0
	Average ..	62 14 0	89 9 6	88 8 7	74 9 8	94 9 2	82 12 0	94 7 9	99 10 10	93 8 3	95 8 11	100 14 11	100 4 9	100 15 10	100 2 8	..	104 8 7
May.	Highest ..	62 10 0	90 0 0	89 1 0	75 1 0	95 0 0	82 12 0	94 12 0	100 2 0	94 0 0	96 0 0	101 9 0	100 6 0	101 3 0	100 8 0	..	104 11 0
	Lowest ..	61 12 0	89 10 0	88 12 0	74 13 0	94 11 0	82 6 0	94 9 0	99 13 0	93 11 0	95 10 0	100 14 0	100 5 0	101 2 0	100 4 0	..	104 9 0
	Average ..	62 5 6	89 13 0	88 13 6	74 15 9	94 13 6	82 9 6	94 10 10	99 15 11	93 13 3	95 13 3	101 4 3	100 5 9	101 2 3	100 5 7	..	104 10 3
June.	Highest ..	61 7 0	90 0 0	89 4 0	74 12 0	94 15 0	82 6 0	94 12 0	99 15 0	93 10 0	96 0 0	100 10 0	100 5 0	101 2 0	100 4 0	..	104 9 0
	Lowest ..	58 12 0	89 12 0	88 12 0	73 0 0	94 10 0	82 4 0	94 8 0	99 11 0	93 4 0	95 10 0	99 13 0	100 3 0	100 14 0	99 14 0	..	103 15 0
	Average ..	59 14 8	89 13 1	88 13 5	73 14 0	94 11 3	82 4 9	94 9 1	99 12 10	93 6 11	95 11 2	100 2 0	100 4 1	101 0 4	100 0 1	..	104 1 5
July.	Highest ..	61 4 0	90 0 0	89 4 0	73 0 0	94 15 0	82 6 0	94 12 0	99 15 0	93 10 0	96 0 0	100 2 0	100 5 0	101 2 0	100 4 0	..	104 0 0
	Lowest ..	59 3 0	89 12 0	88 12 0	72 4 0	94 12 0	82 4 0	94 8 0	99 12 0	93 6 0	95 6 0	99 14 0	100 2 0	100 13 0	99 14 0	..	103 15 0
	Average ..	60 4 6	89 13 4	88 14 5	72 13 5	94 13 3	82 5 5	94 9 3	99 12 6	93 8 1	95 10 4	100 0 6	100 3 4	100 14 10	100 0 2	..	103 15 8
Aug.	Highest ..	59 8 0	89 12 0	88 12 0	72 2 0	94 12 0	82 6 0	94 8 0	99 12 0	93 4 0	95 6 0	99 14 0	100 2 0	100 13 0	99 14 0	..	103 15 0
	Lowest ..	57 0 0	89 6 0	88 6 0	68 0 0	94 5 0	82 0 0	94 5 0	99 0 0	92 14 0	95 0 0	99 9 0	100 0 0	100 4 0	99 9 0	..	103 2 0
	Average ..	58 5 6	89 8 9	88 10 2	70 14 2	94 7 10	82 2 11	94 6 4	99 6 0	92 15 7	95 4 1	99 11 1	100 0 8	100 8 6	99 10 7	..	103 10 1
Sept.	Highest ..	57 8 0	89 4 0	88 4 0	68 0 0	94 4 0	82 0 0	94 4 0	99 0 0	92 13 0	95 0 0	99 9 0	100 0 0	100 3 0	99 9 0	..	103 1 0
	Lowest ..	51 8 0	87 8 0	86 8 0	61 8 0	93 0 0	76 0 0	92 0 0	97 8 0	88 0 0	93 8 0	96 4 0	100 0 0	100 0 0	96 0 0	..	101 8 0
	Average ..	54 10 9	88 10 1	87 6 6	64 12 10	93 10 11	78 13 11	93 3 8	98 8 2	90 4 0	94 7 7	98 7 0	100 0 0	100 2 1	97 14 9	..	102 6 11
Oct.	Highest ..	54 0 0	87 8 0	86 8 0	61 4 0	93 0 0	75 8 0	91 8 0	97 8 0	87 8 0	93 8 0	96 0 0	..	99 14 0	96 0 0	100 0 0	101 4 0
	Lowest ..	50 15 0	85 0 0	84 0 0	58 0 0	91 0 0	67 8 0	83 0 0	96 0 0	82 0 0	90 0 0	90 8 0	..	99 0 0	90 0 0	99 12 0	99 8 0
	Average ..	52 1 1	85 14 0	85 2 11	59 8 5	91 11 1	70 4 4	86 12 6	96 11 5	84 2 6	91 2 2	92 10 5	..	99 6 7	92 7 2	99 14 10	100 1 5
Nov.	Highest ..	55 10 0	85 0 0	84 0 0	63 0 0	92 2 0	68 12 0	83 8 0	97 12 0	84 0 0	91 12 0	94 14 0	..	99 12 0	96 2 0	100 0 0	101 8 0
	Lowest ..	52 12 0	84 0 0	83 0 0	61 4 0	91 10 0	67 8 0	82 0 0	97 2 0	82 0 0	91 0 0	92 12 0	..	99 6 0	95 0 0	99 14 0	100 14 0
	Average ..	54 11 8	84 10 5	83 8 0	62 6 9	91 14 3	68 5 10	82 8 5	97 8 0	82 8 3	91 5 9	94 4 11	..	99 9 9	95 11 1	99 15 9	101 2 0
Dec.	Highest ..	53 5 0	84 8 0	83 2 0	62 0 0	92 0 0	68 4 0	82 0 0	97 0 0	82 0 0	91 4 0	92 8 0	..	99 6 0	95 0 0	100 0 0	100 14 0
	Lowest ..	51 10 0	84 0 0	82 4 0	59 6 0	91 0 0	67 10 0	79 2 0	96 0 0	79 12 0	90 0 0	89 12 0	..	99 2 0	93 2 0	99 10 0	100 0 0
	Average ..	52 2 4	84 4 11	82 11 4	60 7 10	91 7 0	67 12 4	80 9 10	96 7 6	80 13 9	90 11 6	90 14 3	..	99 4 1	93 11 0	99 13 6	100 4 9
Highest of the year.		64 0 0	90 5 0	89 4 0	75 1 0	95 0 0	83 3 0	94 12 0	100 2 0	94 0 0	96 2 0	101 9 0	101 0 0	101 15 0	100 10 0	100 0 0	104 11 0
Lowest ,,		50 15 0	84 0 0	82 4 0	58 0 0	91 0 0	67 8 0	79 2 0	96 0 0	79 12 0	90 0 0	89 12 0	100 0 0	99 0 0	90 0 0	99 10 0	99 8 0
Average ,,		58 12 10	88 7 2	87 6 5	69 9 10	93 13 2	78 13 6	91 9 4	98 13 11	90 5 10	94 6 0	98 5 3	100 4 0	100 9 2	98 5 3	99 14 8	103 2 10

BANK RATE CHANGES.

BANK OF BOMBAY.

		Per cent.
1902.		
January	9	6
Do.	16	7
February	13	8
March	27	7
April	10	6
May	1	5
June	19	4
July	17	3
November	6	4
December	23	5
Average		**4·778**
1903.		
January	15	6
Do.	29	7
February	19	8
March	12	7
April	16	6
May	14	7
Do.	21	8
June	4	7
Do.	18	6
Do.	25	5
July	2	4
August	20	3
December	10	4
Do.	17	5
Do.	30	6
Average		**5·082**
1904.		
February	11	7
Do.	25	6
March	10	5
May	19	4
June	16	3
December	13	4
Do.	20	5
Average		**4·147**
1905.		
February	2	6
Do.	16	7
March	9	8
Do.	30	7
April	6	6
Do.	14	5
July	6	4
Do.	27	3
August	10	4
November	23	5
Do.	30	6
December	14	7
Average		**5·101**

		Per cent.
1906.		
January	4	8
February	1	9
March	15	8
Do.	22	7
Do.	29	6
April	26	7
May	24	6
June	21	5
July	12	4
Do.	19	3
August	9	4
September	12	5
November	15	6
Do.	22	7
Do.	29	8
December	13	9
Average		**6·263**
1907.		
March	7	8
May	2	7
Do.	9	6
June	6	7
Do.	20	6
Do.	27	5
July	4	4
August	1	3
September	26	4
November	7	5
December	12	6
Average		**5·939**
1908.		
January	3	7
Do.	9	8
February	6	9
March	19	8
Do.	26	7
April	16	8
May	28	7
June	25	6
July	2	5
Do.	16	4
Do.	23	3
October	22	4
November	5	5
December	10	6
Average		**5·920**
1909.		
January	14	7
May	13	6
June	3	5
Do.	24	4
July	15	3
November	4	4
Do.	18	5
Do.	25	6
Average		**5·137**

		Per cent.
1910.		
March	3	7
May	12	6
June	2	5
Do.	23	4
July	7	3
October	6	4
November	3	5
Do.	17	6
December	15	7
Average		**5·164**
1911.		
May	18	6
June	1	5
Do.	21	4
July	13	3
October	19	4
December	21	5
Average		**5·019**
1912.		
January	11	6
Do.	18	7
February	1	8
Do.	22	7
March	20	6
May	9	5
June	13	4
July	11	3
October	3	4
November	14	5
Do.	28	6
December	12	7
Do.	27	8
Average		**5·062**
1913.		
April	3	7
May	29	6
June	12	5
July	3	4
Do.	17	3
August	7	4
September	10	5
October	10	6
Do.	31	5
Average		**5·912**
1914.		
January	15	6
May	21	5
June	4	4
Do.	25	3
August	6	4
Do.	13	5
Do.	20	6
Average		**5·405**
1915.		
June	2	5
November	4	6
Average		**5·575**

		Per cent.
1916.		
January	6	7
Do.	13	8
April	13	7
May	25	6
June	15	5
July	13	4
August	17	5
October	5	6
November	23	7
Do.	30	8
Average		**6·423**
1917.		
February	22	7
March	15	6
August	23	5
December	6	6
Average		**6·054**
1918.		
May	23	5
November	7	6
Average		**5·539**
1919.		
January	16	7
March	7	6
June	12	5
Average		**5·580**
1920.		
January	22	6
February	5	7
April	8	8
Do.	22	9
May	13	8
Do.	27	7
June	16	6
July	29	5
November	4	6
Do.	12	7
Average		**6·363**

IMPERIAL BANK.

1921.		
March	3	6
June	2	5
December	15	6
Do.	29	7
Average		**5·638**
1922.		
February	16	8
April	27	7
June	1	6
Do.	15	5
July	6	4
October	26	5
December	14	6
Do.	28	7
Average		**5·810**
1923.		
January	11	8
May	25	7
Do.	31	6
June	7	5
Do.	28	4
November	15	5
Do.	29	6
December	20	7
Average		**5·947**

		Per cent.
1924.		
January	3	8
February	14	9
April	10	8
May	29	7
June	19	6
July	3	5
Do.	31	4
August	21	5
October	16	6
Average		**6·674**
1925.		
January	22	7
May	21	6
June	18	5
July	2	4
September	24	5
December	3	6
Average		**5·635**
1926.		
May	20	5
June	10	4
Average		**4·819**
1927.		
January	1	5
Do.	13	6
February	10	7
June	2	6
Do.	23	5
July	28	4
September	8	5
December	8	6
Do.	22	7
Average		**5·726**
1928.		
June	21	6
July	19	5
November	15	6
December	13	7
Average		**6·196**
1929.		
February	14	8
April	11	7
May	9	6
June	6	5
October	10	6
Do.	31	7
Average		**6·323**
1930.		
April	3	6
July	10	5
November	20	6
Average		**5·887**
1931.		
January	15	7
May	28	6
August	6	7
September	22	8
Average		**7·046**

COTTON MILLS.

Name of Company.	No. of Spindles.	No. of Looms.	Price during boom period 1920-21.	Quotations in 1931.		Intrinsic Value.* Less Depreciation.	Quotation at the close of year
				Highest.	Lowest.		
			Rs.	Rs. As.	Rs. As.	Rs.	Rs. As.
Ahmedabad Advance	30,692	602	3,300	315	231-4	467	255
Bombay Dyeing	1,81,624	4,850	4,395	740	613-12	1,082	631-4
Central India	1,01,008	2,196	6,400	395	251-4	343	257-8
Century	1,20,424	3,130	1,545	282	172-8	489	194-6
Colaba Land	44,564	719	3,800	118-12	62-8	243	64-6
Coorla	27,568	719	340	150	115	271	115
Crescent	44,688	1,067	820	83-12	41-4	197	45
Currimbhoy	82,440	1,048	2,365	75	50	542	50
David	80,364	1,164	1,925	100	85	406	85
Dawn	43,152	..	1,800	510	450	1,279	450
Ebrahim Pabaney	56,408	1,054	1,250	160	87-8	506	87-8
Edward Sassoon	45,808	1,016	820	75	25	200	25
Finlay	46,072	812	1,845	92-8	65	138	66-4
Fazulbhoy	52,296	1,988	2,150	425	285	742	293-12
Indore Malwa	45,954	1,313	875	371-4	287-8	424	312-8
Khatau	62,268	1,513	920	115	61-4	297	83-12
Kohinoor	57,740	1,430	4,800	160	87-8	241	104-6
Laxmi Cotton	45,792	851	5,250	1,140	671-4	1,245	680
Meyer Sassoon	41,136	1,038	570	55	15	144	15
Maneckji Petit	1,53,360	4,685	7,800	825	760	..	760
Morarji Goculdas	78,992	1,648	8,000	512-8	295	783	295
New City	43,128	416	1,040	66-4	43-2	131	45
New Great	49,668	11,036	1,375	186-4	96-4	535	117-8
Phœnix	52,868	744	1,430	307-8	250	679	250
Pearl	53,820	1,760	1,622	271-4	142-8	447	160-10
Sholapur	1,11,360	2,225	18,500	1,988	1,410	15,470	1,420
Simplex	37,208	1,323	1,335	78-12	37-8	270	41-14
Swan	31,450	604	1,700	120	51-4	111	57-8
Swadeshi	79,024	2,433	6,030	303-12	196-4	461	196-4
Vishnu Cotton	49,392	1,254	2,375	1,600	1,025	2,096	1,030

* The intrinsic value is arrived at by valuing the mill at total book cost after adding liquid assets and deducting liabilities.

JUTE MILLS.

Name of Company.	Number of Looms.	Quotations 1917 to 1930.		Quotations in 1931.		Intrinsic Value† Less 25 per cent. depreciation.	Quotations at the close of year.
		Highest.	Lowest.	Highest.	Lowest.		
*Albion	498	635	215	370	225	344	275
*Alliance	1,232	922	277	400	215	403	250
*Anglo India	2,561	573	110	372	214	383	280
*Auckland	810	515	115	262	148	195	185
*Bally	825	369-8	106	214	103	204	127
*Barnagore	1,744	347	78	204	103	240	125
*Belvedere	820	785	230	520	301	274	345
*Budge Budge ..	990	820	230	460	275	458	330
*Caledonian	616	860	218	680	405	516	485
*Clive	969	79-8	17	33-8	18	33	25-8
*Dalhousie	766	832	195	455	295	390	330
*Delta	779	870	245	540	320	440	385
Empire	500	99	29	52-12	33-12	69	41-8
Fort Gloster	1,884	1,565	360	695	400	1,098	490
Fort William	1,014	620	107	305	170	358	245
Gondalpara	600	1,600	500	1,075	660	1,180	780
Gourepore	1,392	1,670	343	425	255	622	310
Howrah	1,940	70-10	23	55-8	27	45	36-12
Hooghly	454	175	42	81	49	77	62
Kamarhatty	1,797	1,198	226	580	327	472	387
Kanknarrah	1,527	905	265	462	277	357	338
*Kelvin	702	1,460	405	720	477	723	560
Khardah	1,457	760	260	435	285	426	340
Kinnison	1,250	1,810	378	875	575	778	635
*Lansdowne	846	626	133	210	102	218	122
*Lawrence	840	1,060	220	603	360	587	430
*Lothian	558	705	125	480	280	323	307
Naihatty	815	900	200	500	290	669	330
New Central	709	1,055	275	515	330	456	370
*Northbrook	567	113	25-8	62-8	40	55	51-8
Reliance	1,276	101	20-8	82-8	52	55	58-8
*Standard	650	933	250	370	250	354	280
*Union	1,326	1,280	237	552	340	643	380

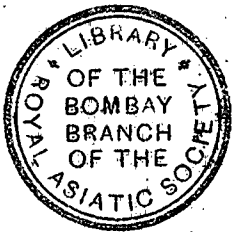
* The intrinsic value of these is arrived at by valuing each loom at Rs. 5,000.

† The intrinsic value is arrived at by valuing the mill at total book cost after adding liquid assets and deducting liabilities.

ANNUAL MARKET REVIEW
1932.

PREMCHAND ROYCHAND & SONS,
BOMBAY.

ANNUAL MARKET REVIEW
1932.



PREMCHAND ROYCHAND & SONS,
PARTNERS {SIR KIKABHAI PREMCHAND, KT.
{MANEKLAL PREMCHAND.
TELEGRAMS: "PRONOWN."
PHONE: 20173 AND 25671.

63, APOLLO STREET,
BOMBAY, 1ST JANUARY 1933.

INTRODUCTORY.

Twelve months ago we hazarded the opinion that the year 1931 would "long be remembered as one of the blackest in the world's economic history". It is now necessary to add the supplementary comment that the year 1932 witnessed not merely a prolongation, but a general intensification of all the varied and vicious factors, deleterious to international trade and financial stability, which rendered the preceding year the sepulchure of so many hopes. It is hardly too much to say, that if 1931 dissipated not unreasonable expectations, based on previous efforts to repair the incidence of the world war and its economic *sequelae*, the past year has gone far to imperil faith in the possibility, or rather probability, of a general recovery, at any rate in the near future. Indeed, in combating an economic crisis whose outstanding feature, and gravest aspect, has been an all round contraction in the volume and value of international trade, the responsible authorities, in most countries, have succeeded so far only in devising and applying measures which have had the effect of aggravating the trouble they were professedly anxious to alleviate. Tariffs have been raised and extended, quotas multiplied and exchange restrictions enforced whose joint and final effect has been to reduce trade to ever-narrowing circles until it has shrunk to a diminutive fraction of its former dimensions.

Each Government, limiting vision to its own administrative and political boundaries, has been able to adduce arguments, completely convincing to its own nationals, demonstrating the imperative necessity of such restrictions, in support of its own economic and financial structure; in each case the net result has been a constriction of economic activity universally prejudicial and involving a policy which if pursued to its logical conclusion, can end only in universal bankruptcy. Prices of many products have fallen to new low levels, and in every country the picture presented is one of idle money, idle men and idle machinery, perpetuating the tragic paradox of poverty amidst plenty, of want confronting wealth, and of retrogression just when the prodigality of nature, and the advance of scientific knowledge and appliances, have conjoined to facilitate free and full compliance with every human want and to smooth the path to a world-wide advance in the standard of income and living. No inherent or insuperable obstacle intervenes to hinder such an advance, which is subject only to general agreement on the policy to be pursued, and equally general co-operation in devising and applying the methods of pursuing it. Admittedly there is no shortage in production, either of raw or manufactured materials; on the contrary, the feature which distinguishes the present crisis from every preceding era of economic difficulty is the existence, and persistence of an enormous and entirely unprecedented surplus of every consumable commodity, allied with an excess of productive capacity far exceeding any standard of effective

demand yet attained, or even envisaged as attainable by practical economists and industrialists, under the existing economic system.

Quite clearly, a stage has been reached, in the development of the world's economic resources, when there is a defect not in the processes of production, whose operations it has been necessary to slow down, but in methods of distribution, as expressed in the purchasing power of the peoples of all nations. It would be difficult to specify a single staple, among the agricultural or manufactured products figuring prominently in world trade, in relation to which supply, despite deliberate curtailment of production, does not at present exceed demand ; yet it would be still more difficult to indicate any product of which the outturn could not be enormously increased if the effective demand justified full utilisation of the present facilities for production. Among agricultural products, wheat and other foodstuffs, cotton and other textile fibres, rubber and raw materials of every grade and description, the position revealed is not only one of excess supplies, but of a capacity for further output on a scale never previously achieved. In the field of manufacture the same excess, not only of production but of productive capacity, is presented. In many of the leading industries the capacity for output exceeds not only immediate demand but potential consumption in any conditions it is at present possible to visualise. Steel and cotton manufacturing facilities afford the two most outstanding examples of such excess capacity ; the redundancy of steel plant being most apparent in the United States and of cotton manufacturing plant, in view of lost and irrecoverable markets, in Lancashire and other centres.

Although other aspects, especially the monetary and fiscal phases of the world complex, at present engage a larger share of political and public attention, the problems inherent in the enormous increase in the productive capacity of the leading agricultural and manufacturing industries will call ultimately for comprehensive treatment, as the essential preliminary to the stabilisation of commodity prices at a higher and more profitable level.

The British Loan conversion operations, in addition to easing the burden on the British tax-payer, have contributed to the establishment of lower rates of interest and more favourable financial conditions generally ; but the adoption of protective tariffs, while helping to rectify the British balance of trade, has necessarily tended further to reduce international trade, and has influenced other countries, already highly protectionist, to tighten still further their own restrictions on imports. The Imperial Economic Conference was an essentially domestic affair, although it had the larger purpose of freer trade all round in view. The steps necessary to international recovery lie before The World Economic Conference, towards which the nations are looking in a spirit of chastened hope.

Interest Rates.

The crisis towards the close of 1931, necessitated the raising of Bank rates in almost all important countries. This was imperative in order to check unduly large movements of funds from one centre to the other following the upheavals in the central European countries since July

1931. Conditions, however, became more normal by the first quarter of 1932 and in their anxiety to assist trade and industry—which had suffered terribly on account of high interest rates—all important Central Banks pursued once again a cheap money policy. The Bank rates in all important centres were reduced to low record levels. The Bank of England rate which stood at 6 per cent. at the end of 1931 was gradually reduced to 2 per cent. on June 30 and continued at that rate throughout the remainder of the year ; the last two per cent. Bank rate prevailed in London in 1895.

The rediscount rate of the Federal Reserve Bank of New York was lowered from 3½ per cent. to 2½ per cent. on June 23 while that of the Bank of France remained unchanged at the low level of 2½ per cent. throughout the year. The Bank of Japan reduced its rate from 5.84 to 4.38 on August 17 while the Imperial Bank of India lowered its rate from 8 per cent. to 4 per cent. on July 7, where it remained even during the busy months of November and December. Bank rate in India last stood at this level in July 1927 and was not in force then for more than about 40 days.

Financial and Commercial Maladjustments.

In the sphere of international statesmanship the outstanding agreement of the year undoubtedly was that reached among the Allied Powers in Europe to cancel the German reparation payments, subject to the United States agreeing to an equally complete cancellation of war-debt payments. Unfortunately American opinion has not yet been converted, either to the equity, or the economic desirability, of this programme. It is not yet possible therefore to measure the full reactions of this attitude either on European politics and trade or on the economic fortunes of the United States themselves. American, as well as European, including British, taxpayers confront, and must solve their own financial difficulties ; but, in its reaction on international trade, the influence of the " tragic book-keeping " of the war and post-war periods is too clear, and too universal, to be open to challenge. Without reiterating either the statement of facts, or the processes of reasoning, embodied in the British note, it will suffice to stress two aspects of the reparation and war-debt payments which are generally accepted as beyond dispute. The first is that the reparation payments were actually made possible only by the concurrence of large-scale oversea investments by American interests, and became impracticable as soon as these offsetting transfers ceased. The second is that, in the long run, the war-debt payments due from European debtors to the United States can be discharged only in the form of goods and services which the creditor country has quite definitely refused to accept up to now as being inimical to the interests of her own industries and economic activities. In their origin the war loans were unproductive and indeed destructive, in purpose, and in that respect stand in sharp contrast to commercial loans, employed in productive investment, and consequently creating self-liquidating assets. Possibly the contrast between the economic consequences of productive investment, and those produced by inter-governmental obligations due to the war can be indicated most clearly by recalling the distribution of British oversea investments just prior to the war when Great Britain was the chief

creditor country. In December, 1913, the employment of British capital publicly invested in other lands revealed the following allocations and purposes:

	Million £	*Percentage of total.*
Loans to Dominion and Colonial Governments	675	18
Loans to Foreign Governments	297	8
Loans to Municipal Governments	152	4
Railway Securities	1,531	41
Other industrial undertakings	1,108	29

Although, as a League of Nations' survey has pointed out, other countries in the pre-war lustrum also invested considerable sums in comparable projects, the dominating money market was London; and it was Great Britain that displayed the greatest readiness to provide a steady flow of new capital by the re-investment of profits, and—an extremely important point—"to face the consequences of foreign investment both by accepting a growing volume of imports from the developing countries and by making the necessary readjustments in domestic economic organisations."

As the chief creditor country in the post-war lustrum the United States have proved less helpful to world-development mainly because of their steady refusal to adapt economic activities, and fiscal policy, to the new financial position, which necessitates, if debt obligations are to be freely discharged, freer entry of goods and services tendered by the debtor countries. Experience has shown that, insufficient gold is available to meet debt payments, if goods and services are excluded by rigid adherence to a high protectionist policy. A merely temporary solution was found at the beginning by the issue of foreign loans in America offsetting the payments due to her which were impossible to discharge in full except with the assistance of the dollar resources so provided. Manifestly, however, "no permanent solution was found by piling up indebtedness covering interest charges as well as new investments". As pointed out in the British Note: "The creditors, in so far as they have refused to accept payment in goods, have compelled their debtors to pay in gold. This has led to a drain on the gold reserves of many countries, and this in turn has forced up the price of gold in terms of commodities or, in other words, has forced down the price of commodities in terms of gold currencies. This fall in prices has caused widespread ruin to producers in debtor and creditor countries alike and threatens disastrous social and political repercussions. It has seriously increased the burden of commercial debts, but it has rendered intolerable the peculiar burden of unproductive war-debts."

Leaving aside the depressing influence of the consequent drop in commodity prices in all countries—both in diminishing trade and by increasing taxation and adding to the real burden of all debt obligations—there remains the very practical and apparently insuperable difficulty of transferring to the United States the amounts due, each half year, for payment. Taking the British

payments merely as an illustration, in 1923, when the war debt was funded, the war debt annuity was £33 millions against British domestic exports to the United States valued at £60 millions. From 1933 the annuity rises, at present rates of exchange, to approximately £60 millions, whereas British exports to the United States dropped to only £18 millions in 1931, and to a still lower figure in 1932. Meanwhile British imports of American produce, which stood at £211 millions in 1923, fell to £104 millions in 1931, declining to a very much lower figure last year. Consequently, in the long run, Britain can meet her war-debt payments to the United States only by shipping gold, on a scale which, within a relatively short period, would involve the transfer across the Atlantic of the entire gold resources of the Bank of England. The sole alternative, as pointed out in the British Note, would be to curtail British imports of American produce, by fiscal and supplementary measures, to a level enabling the debt transfers to be effected, without resource to shipments of gold, a course that could yield no benefit to either country. Clearly Great Britain would not be the only sufferer as the result of any considerable denudation of the gold reserves of the Bank of England which, as the British Government pointed out, " are widely regarded as no more than sufficient for the responsibilities of London as a financial centre." The only possible result would be to deepen the depression and " lead to further falls in commodity prices with disastrous consequences from which no nation would be exempt."

It is that the United States hold the key to world recovery or the retardation of it in 1933, and that the year's commercial and financial history will be determined mainly by the policy the new President and his political followers, who command overwhelming majorities in both Houses of the Legislature, finally decide to pursue. In the foreground of the problems now ripe for solution none bulks more largely in international thought than the war-debts and reparations issue, and unless and until it is eliminated from the stage it is difficult to detect at what point, or at what stage, the process of recovery is to begin. America possesses the resources and the power required to restart the economic machine and to ensure its smooth working; and her policy and programme in 1933 will decide whether her powers of statesmanship, economic and political, are equal to her secular wealth, and to the responsibilities of world leadership. It is the fervent prayer of her sister-nations, many of them broken in spirit as well as in material resources, that in a period of unexampled crisis, a great people, showing generosity as well as insight, will display the ability and vigour appropriate to a great opportunity.

An Agricultural " Revolution."

No appraisal of the present economic situation would be adequate which ignored the more deeply-seated factors whose reactions became visible before these post-war financial commitments were entered into. Such factors survive, and probably broaden in scope and intensity, even when those which have led up to the present maldistribution of gold and all the complex difficulties so created, have been swept away.

The world is familiar with the problems created by the ever-increasing efficiency in the production of factory products, on the one hand, and the diminishing consumption traceable to growing unemployment on the other. There is however a less general or complete realisation of

the potential consequences of the concurrent mechanisation of agricultural production, owing to the circumstance that the world crisis intervened to mask its onset, and delay its full materialisation.

Nevertheless authoritative and convincing evidence of its emergence, as a factor of dominating importance in agricultural production, is not lacking, and India, in view of its primitive methods of cultivation and its imperative need for assured markets, cannot afford to ignore the writing on the wall. Although adequate confirmation, from many reliable sources, of the immense significance of the new agricultural methods in competing countries might be adduced, it will suffice to note here that, in *The World Economic Survey* (1931-32) issued by the League of Nations :

> On the side of production, two important factors have contributed to maintain world production and increase world stocks. The first is the revolution in agricultural technique which has been proceeding mainly in the newer farming countries, and the second is the restoration of European (including Russian) production, particularly after 1925.
>
> There is no doubt of the enormous advances already made and of the possibilities still remaining in the application of scientific and mechanical technique to farming processes. The case of cereal growing, and especially wheat-growing, is particularly significant. The use of the tractor and the harvester combine, the breeding of new wheats to resist drought or to mature quickly in regions likely to be visited by early frosts, the improvement of fertilisation and the control of insect and fungoid diseases, have added large quantities of important foodstuffs to the world's production. Cane-sugar production has also been increased greatly by mechanical methods of handling and transport and particularly by plant-breeding and control of parasites. Many other examples might be cited of the increase of output, the cheapening of cost, and improvement of quality which have followed upon more scientific organisation and control of the productive processes.... The large increase in the export surplus of those countries which are able most easily to apply the new methods of production is very clear.

Meanwhile, as we learn from the same source, technical progress is always conditioned by the cost of the capital outlay involved, and it is probable that a large part of the increased agricultural production immediately prior to the slump was due primarily,—in agricultural countries competing with India to supply world markets—, to the cheap credit facilitating the use of tractors and similar agricultural machinery. The sales of tractors and harvesting " combines," especially in the United States, Canada, the Argentine and Australia, increased remarkably up to 1929, and there was also heavier investment in fertilisers. There was, therefore, a marked increase in agricultural production in the years of cheap credit. The demand for agricultural products, on the other hand, tended to decrease. Rising standards of living shifted the demand from the simple basic products, such as cereals, to more elaborate and highly priced products. When the cheap credit promoting increased agricultural output by mechanised processes was no longer available, the stocks which accumulated in excess of demand were a further depressing factor in the decline of prices.

Furthermore, during the years 1929-32 as indeed in all depressions, raw materials fell in prices more sharply than finished goods thus occasioning a disparity of which India has borne the full brunt. As acknowledged in the League survey already quoted, the heavy fall in raw material prices is mainly a reflection of the weak bargaining power in the world's markets of unorganised agriculturists. Valorisation schemes, controls and pools have been much less successful than cartels and trade organisations ; production has been difficult to restrict ; perishable stocks cannot be kept off the market for long. Moreover, it is not possible by lowering prices of raw materials to stimulate demand as quickly, directly and effectively as in the case of finished products. A substantial decline in the price of raw materials may not cause more than a slight decline in the price of the finished products so that, even if consumers' demand is somewhat stimulated, that stimulation is not in proportion to the lower receipts of the raw material producer. Cost of production tends to be more rigid in the finishing processes which require more capital equipment and highly organised labour. It is inevitable, therefore, that raw material prices should be driven downwards at the expense mainly of the agriculturists.

Until the prices of raw materials and finished products can be brought into equilibrium again, there will remain a vicious circle of falling prices, decreased purchasing power and reduced employment. The widening of such a " scissors " in the price structure is always a symptom of industrial maladjustment, and its closing is an essential condition of recovery.

Industrial Over-production.

Evidence of industrial over-production, as tested by effective demand, and as representing one of the major causes of the present crisis, is so familiar, and at the same time so comprehensive and convincing, that it does not require elaborate exposition. The fundamental facts are clear. The world war imparted an enduring stimulus, not only to productive equipment and to inventive ingenuity, but to economic nationalism, leading to an immense expansion of manufacturing capacity and output practically every where. From the era when Great Britain, inaugurating the industrial revolution, emerged as the workshop of the world, we have come finally to a stage when, for purposes of manufacture, the whole world has become a workshop, including Asia ; where Japan led, India followed, and China is in hot pursuit. Yet the increasing ability of Eastern countries to satisfy their own industrial requirements has not stayed the expansion of manufacturing equipment in Europe and the United States. On the contrary, in both Continents, manufacturing facilities have never been more extensive or efficient. Beyond doubt, outturn has raced ahead of consumptive capacity, and effective adjustment is not yet in sight.

We have alluded to the steel and cotton industries as outstanding examples of surplus capacity ; and, concerning steel, sufficient justification for that statement is forthcoming in the fact that, during the past twelve months, the steel plant of the world has not worked much above 30 per cent. of capacity and it is impossible at present to visualise a trade recovery which will afford the furnaces full employment.

Concerning cotton, we have the testimony of the former Secretary of the International Federation of Cotton Spinners and Manufacturers that the almost universal introduction of the eight-hour day, which was hailed as the greatest war-achievement of labour, has effected just the opposite to what was aimed at. The eight-hour day has enabled the mills of all countries, except England and Bombay City, to work double shifts, thereby facilitating greater production, at lower costs. In consequence many mills, as soon as there is any indication of revived trade, double their outturn and kill from the outset any possible chance of sustained trade improvement.

"There is too much cotton machinery in the world, if it is worked at full capacity, in double and treble shifts. Unless some agreement is arrived at first in each country, and, afterwards, internationally, the problem resolves itself into the old barbaric principle of the 'survival of the fittest.'" In almost every staple industry there exists a comparative surplus of productive capacity.

In the production of commodities essential to life and comfort, science and mechanical ingenuity have made the complete abolition of poverty in all countries a *technical* possibility. That is to say, it is possible, viewing the problem solely as a matter of production, to produce sufficient food, sufficient clothing, and even sufficient comforts and luxuries to warrant the classification of poverty as a preventible economic disease, and one which will be, if the appropriate modifications in the present economic system are agreed upon and implemented. Quite clearly the present breakdown is due—a feature which distinguishes it from all preceding crises—not to any lack of productive capacity or outturn—but, to the failure to secure an equal and concurrent increase in purchasing power. As the problem is viewed by the most advanced and far-sighted industrialists in the United States and Europe, ultimately the only solution for the present surplus of mechanised output, and the unprecedented increase in unemployment so occasioned is a general reduction in the hours of work, without any corresponding reduction in remuneration and finally an all-round increase in the percentage of the available wealth so distributed, as soon as the modified system is in full working order.

There is, it need hardly be said, no element of philanthropy in this proposal; on the contrary, it is based on the steadily widening realisation of three indisputable facts; (1) that, largely as a result of mechanisation, production of food and raw material as well as of factory products, has, in recent years, expanded far more rapidly than actual consumption, leading to the present paradoxical situation of "poverty amidst plenty;" (2) that increased consumption predicates a general increase of income to enable the increased outturn of all commodities to be absorbed and utilised; and (3) that increased leisure, in the form of shorter working hours without loss of income, will in itself create a vast new source of employment, owing to the fact, that in his hours of play, the more leisured worker will be using the accumulated production of his labour.

Restoration of commodity prices.

As reflected in the discussions at the Imperial Economic Conference at Ottawa, no consideration of economic recovery, not only in the Empire but throughout the world, is more vital or urgent than a general improvement in commodity prices to the level necessary on the one hand,

to revive international trading, and, on the other, to enable debtor countries to finance accumulated obligations. As between Empire statesmen and economists, as well those actively engaged in the operation of trade and finance, the sole difference of opinion disclosed at Ottawa was limited to the methods whereby this essential objective can be attained.

Concerning the disastrous incidence of the calamitous decline in commodity prices, and the essential necessity for their early restoration to more profitable levels, the delegations from all parts of the Empire found themselves in complete and cordial agreement. Indicating the attitude of Great Britain as the leading creditor country in the Empire if not in the world, Mr. Baldwin as leader of the British delegation declared :

> "We believe that general assent would be given to the view that a recovery in world prices is one of the essential features in the recovery of the world, and it is our policy in the United Kingdom to co-operate in any practical international scheme designed to secure recovery of world prices."

How vital such a recovery is, to debtor and credtior countries alike, was revealed in other declarations made at the same gathering.

The reaction of the present price-level on the financial position of all debtor countries was indicated by the New Zealand delegate when he averred :

> "Two years ago the external debt charges of New Zealand absorbed one-sixth of the value of our exports ; this year they are absorbing one-third of the exports. Owing to the fall in export prices, about 80 per cent. more exports must be sent abroad to pay interest on Government and local body debts than were required in 1928. This disparity illustrates the effect of a change in the price level in its bearing upon an indebted country whose income depends on primary products ; the debtor and the producer suffer inequitably—and not merely the debtor and the producer, for injury to them means injury also to creditors and to the whole community."

Speaking as leader of the Indian Delegation, Sir Atul Chaterjee, after outlining the economic and financial position and difficulties confronting this country, and emphasising that the development of foreign, as well as inter-Empire trade is one of her primary interests, proceeded to insist that there was one item in the Ottawa agenda the importance of which could not be stressed too strongly :

> "I mean the inter relationship of monetary standards of the Empire and the desirability and feasibility of restoring and stabilizing the general level of prices and achieving exchange stability. For here we come to factors which affect the very foundations on which any structure of fiscal preference has to rest. The benefits to production and trade of a preferential system may be swept away unless it is supported by a monetary and credit policy which assures a reasonable measure of stability of general wholesale prices. Above all things it is essential that the level of prices should be such as to re-establish equilibrium

with costs and the burden of all fixed and semi-fixed money obligations. The precipitous fall in the level of wholesale prices in the last three years has created disequilibria of a character and an intensity which have had, and continue to have, the most unfortunate and dangerous consequences on the economic life and on the public and private finances of all countries, but particularly of countries, like India, which are mainly engaged in the production of primary commodities.... Let me emphasise that India regards the monetary problem as one of vital and urgent importance."

It implies no disparagement, and no inability to recognise the immediate practical benefits of the reciprocal tariff agreements revised at Ottawa, and subsequently ratified by legislation throughout the Empire, to say that the tree of Imperial preference, so carefully planted, will begin to bear fruit only when the garden in which it is located has been fertilized by the higher level of production, and purchasing power, which a more profitable price-level alone can render possible. On this point also the Ottawa discussions revealed complete agreement.

In the British Empire, as the Dominion and Indian delegations recognised, the ultimate decision on all questions of monetary principles and policy remains with the United Kingdom, on whose behalf the Chancellor of Exchequer took pains " to make it perfectly clear at once that upon the desirability of raising the wholesale commodity prices the United Kingdom Delegation is in full sympathy and agreement with the Dominions and India." As expressed by Mr. Chamberlain, the view of the British Government is, not only that it is impossible to carry on world trade without " some universal yard-stick," but it is also " unable to see a yard-stick other than one based on gold which would be universally acceptable." At the same time: " It would be useless for the countries now on the sterling basis to revert to gold if the fundamental conditions—economic and political, as well as monetary—had not so changed as to obviate a risk of a fresh fall in gold prices. Before we change our present basis we must be sure that the change can be maintained and that we shall not have to do our work all over again in a few years time."

In effect, the British attitude at Ottawa was that a negotiation of reciprocal tariff agreements was the primary purpose of the Imperial Economic Conference, leaving monetary problems, and indeed all issues susceptible only of wide, international treatment, for discussion and decision at the World Economic and Monetary Conference, in which the United States and all the other great Powers are pledged to participate sometime in 1933. Whether, in view of America's attitude to tariffs and war debts, this wider Conference will fulfil all the high expectations of which it has become the focus, can be determined only by the event. Admittedly the prospects of success have not been strengthened by recent events, and failure to achieve its declared aims, by imparting a further shock to confidence in the ability of the world to overcome existing difficulties, might well create the risk of very grave reactions. Faith in the possibility of a successful rehabilitation of world trade and finance is not yet extinct; nevertheless, the demonstration on so prominent a platform as the World Economic Conference, of international inability or unreadiness to agree on the necessary measures of restoration would undoubtedly go far to dissipate any slight hopes of recuperation which still survive.

United States.—Last year the foreign trade of the United States declined in value to the lowest level recorded since the pre-war period. Imports declined by 19 per cent., dropping from 2,432,000,000 dollars (£486,400,000) to 1,731,000,000 (£346,200,000). Exports fell from 3,083,000,000 dollars (£616,600,000) in 1930-31 to 1,949,000,000 dollars (£389,800,000) in 1931-32, a drop of 37 per cent. The sharp recession in prices is officially stated to have been responsible for about three-fifths of the decline in the value of exports, and four-fifths of the reduction in the value of imports.

According to a calculation of the American Federation of Labour, the incomes of American workers have declined since 1929 by over 25,000 million dollars. Meanwhile the number of unemployed workers is estimated at approximately 11 millions, involving a proportionate shrinkage in purchasing power, and in the ability of the domestic market to absorb American products.

The November bulletin of the National City Bank included a comprehensive valuation of corporate earnings of 205 industrial companies available to date, showing a combined deficit of approximately 4 million dollars for the third quarter of the year, compared with a net profit of 6 million dollars for the second quarter, a profit of 25 million dollars in the first quarter, and a profit of 90 million dollars in the third quarter of 1931. For the first nine months of 1932 the same companies showed a combined net profit of 18 million dollars compared with 364 million dollars in the corresponding period of 1931. Without the two basic industries of steel and automobiles, which weigh heavily in the totals, the nine months' earnings of the remaining companies showed a decline of 251 to 120 million dollars, or 52 per cent.

The Department of Commerce estimate interest payments on approximately 7,000 million dollars of American long-term investments abroad at around 383 million dollars only. Interest payments were approximately as hereunder.

Europe	213	million	dollars.
Canada	89	„	„
Latin-America	80	„	„
Rest of the world	49	„	„
Total	431	„	„
Minus interest on bonds repatriated	48	„	„
Total interest received	383	„	„

Adding returns on direct investments totalling 180 million dollars, the estimated total yield on American long-term investments abroad is, therefore, 563 million dollars, against 838 millions in 1930, representing a decline of more than 33⅓ per cent.

The shrinkage in foreign trade, the increase in unemployment owing to the general and sharp decline in industrial productivity, allied with the acute depression affecting agricultural staples, is reflected in a budgetary deficit estimated by President Hoover at about £229 millions for the

fiscal year to June 30 next and about £61½ millions for 1933-34 unless new revenue is secured and economies made. Meanwhile, the budgetary deficit in conjunction with the heavy expenditure on competitive armaments and the failure of the Disarmament Conference, have combined to harden American opinion against cancellation or even substantial reduction, of war debt payments.

According to the American National Statistical Service, new issues in the United States during the first ten months of 1932, excluding domestic and Canadian Municipal issues, totalled 574½ million dollars, a decline of 73 per cent. compared with the same period of 1931 and 87 per cent. compared with 1930.

The new President, Mr. Franklin Delano Roosevelt, will not take office until March 4 and meanwhile many important decisions, affecting domestic and foreign policy, remain in suspense including a final decision concerning the war debt obligations.

The United Kingdom.—The British conversion operation, following the balancing of the budget, the imposition of many protective duties, the reduction of the former adverse balance of trade, and the conclusion of the Ottawa Agreements were the outstanding achievements of the year. The disappointments, to some extent offsetting the satisfaction thus occasioned, included the multiplication of foreign tariffs and exchange restrictions curtailing British exports, the provisional character of the Lausanne agreement cancelling reparations, subsequently emphasised by America's refusal to extend the Hoover moratorium, the consequent improbability of any reduction in taxation, and the further increase in unemployment, not only creating social unrest, but hindering further reductions in State expenditure.

Foreign trade fluctuations are disclosed in the accompanying comparative totals for the ten months ended October:

Description.	Jan-Oct. 1931.	Jan-Oct. 1932.	Increase or decrease.
	£ million.	£ million.	£ million.
Total imports	702.0	581.0	Minus 121.0
Retained imports	648.5	538.3	,, 110.2
Raw material imports	139.6	135.2	,, 4.4
Manufactured goods imports	215.1	131.8	,, 83.3
Total exports, Bt. goods	325.2	301.5	,, 23.7
Coal exports	28.8	26.3	,, 2.5
Iron and steel exports	25.0	23.2	,, 1.8
Cotton exports	47.3	52.9	Plus 5.6
Bt. manufactured goods, exports	245.0	229.5	Minus 15.5
Re-exports	53.5	42.7	,, 10.8
Total exports	378.7	344.2	,, 34.5
Visible trade balance	Minus 323.3	Minus 236.8	Plus 86.5

Although the reduction in the adverse visible trade balance has been offset to some extent by a contraction in visible exports, owing to lower yields from investments, and services such as

shipping, the indications favour the assumption that the final balance of payments will prove to have been less unfavourable in 1932 than in the preceding year.

The loan conversion operations initiated and completed during the year are summarised in the following table :—

Stock.	Amount outstanding.	Redeemable.		Interest Rate.	Required for annual interest.
		Earliest.	Latest.		
Position as at 30th June 1932 ..	£'000			%	£'000
War Loan	2,084,994	1929	1947	5	104,250
War Loan	12,804	1925	1945	4½	576
Treasury bonds	140,313	1932	1934	4½	6,314
Treasury bonds	14,076	1933	1933	4½	633
Treasury bonds	114,608	1933	1935	5	5,730
Total ..	2,366,795	..	..	..	117,504
Position as at Feb. 1, 1933.					
War Loan	1,920,000	1952	..	3½	67,200
Treasury bonds	150,000	1935	1938	2	3,000
Conversion Loan	300,000	1948	1953	3	9,000
Total ..	2,370,000	..	..	..	79,200

As pointed out by the *Economist*, from whose columns we have extracted this convenient summary, little more by way of conversion can be done until the 4½ per cent. Conversion Loan (£373 millions outstanding) becomes 'callable' in 1940; but even so the results achieved are noteworthy. Over 30 per cent. of the nation's internal debt has been converted from an interest rate averaging not far short of 5 per cent. to one of less than 3½ per cent. and the gross saving in interest is approximately £38 million per annum. Allowing for the loss in income-tax receipts, the Budget is lightened by roughly £29 millions. Unfortunately the payment of the debt instalment of the December 15 has almost wiped out almost completely this saving.

Analysing British industrial profits in 1931-32, The *Times Trade Supplement* recalled that earnings were moderately satisfactory in 1928-29, increased slightly in some groups and decreased in others in 1929-30 and fell off steeply and progressively in each of the following periods. In the two "prosperous years," average profits in most groups ranged between the limits of 6 per cent. and 10 per cent. of paid-up capital. The "heavy" trades (coal, iron and steel) were the most conspicuous examples of under-average earnings, while brewing—a stable, conservatively financed trade—and more speculative "oversea" groups like tea and petroleum were the chief exemplars of over-average returns. Two years of depression have, broadly, reduced the average to something between 3 per cent. and 6 per cent., with more exceptions below than above "the line."

Continental Europe—Industrial Production and Unemployment.

Below we illustrate the economic situation in the leading industrial and trading nations by authoritative statistics measuring and comparing the fluctuations in industrial production and unemployment.

The first table, quoted from the statistical summary published by the Bank of England, relates the industrial production converted to the base 1927-29 equalling 100.

	U. K. Lond. and Camb. Econ. Service. 1924.	Germany. Inst. Fur Kon junk tur for schung. 1928.	France. Statistique Generale. 1913.	Belgium. Inst. des Sciences Economiques. 1923-25.	Austria. Inst. Fur Kon junk tur for schung. 1923-31.	Hungary. Inst. fur Wirtschafts forschung. 1927.	Poland. Inst. for Economic Research. 1928.	Sweden. Sevriges Industriforbund. 1930.	U.S.A. Federal Reserve Board. 1923-25.	Canada. Dominion Bureau. 1919-24.	Japan. Mitsubishi Economic Research Bureau. 1921-25.
1931											
1st quart.	80	71	106	80	80	71	76	76	76	84	96
2nd ,,	75	75	103	77	77	71	75	85	77	84	99
3rd ,,	76	69	97	78	77	71	73	96	70	78	108
4th ,,	85	63	91	75	79	65	65	96	65	72	107
1932											
1st quart.	86	55	81	70	74	65	54	83	62	72	100
2nd ,,	78	58	75	65	68	52	57	80	54	70	100

The second table, based on evidence given by the British Ministry of Labour to the Royal Commission on Unemployment Insurance, and summarised in Lloyds Bank Review, reveals the changes in employment conditions between 1929 and 1931.

Country.	1929.	1931.
United Kingdom :—		
Percentage of insured unemployed	9.6 (June).	21.8 (June).
Germany :—		
No. of unemployed registered at Exchanges	1,251,452 (July).	4,358,153 (April).
Percentage of trade union members wholly unemployed ..	8.6 (July).	31.8 (April).
Belgium :—		
Percentage of unemployment fund members wholly unemloyed	0.6 (July).	10.0 (May).
Czecho-slovakia :—		
Percentage of trade union members unemployed	1.6 (July).	10.0 (Febry).
Italy :—		
No. of registered unemployed	201,868 (July).	670,353 (April).
Poland :—		
No. of registered unemployed	98,749 (July).	330,200 (May).
Sweden :—		
Percentage of trade union members unemployed	6.5 (July).	17.2 (April).
Canada :—		
Percentage of trade union members unemployed	3.0 (July).	14.9 (April).
U.S.A. :—		
Percentage of A.F. of L. union members unemployed ..	9.0 (July).	25.0 (May.)

A review of world production, 1925-31, issued by the League of Nations reveals that the world's productive activity and the volume of world trade increased remarkably rapidly throughout the quinquennium 1925 to 1929. The output of primary products rose by about 11 per cent. (crude foodstuffs by 6 and industrial raw materials by some 20 per cent.); the volume of world trade, including both primary products and manufactured goods rose by about 20 per cent.; and according to the somewhat incomplete evidence available, industrial production would appear to have increased by something between 23 and 37 per cent.

The severity of the present world economic depression is largely due to the fact that the slump in industry was super-imposed on a severe agricultural crisis. The latter crisis has been characterised by the maintenance of supply at a relatively high level in spite of a considerable falling off in demand. The world production of crude foodstuffs and raw materials of agricultural origin declined by only about 3 per cent. between 1929 and 1931. The greater decline in demand is disclosed by the heavy accumulation of stocks of most staple commodities.

In striking contrast to agricultural production, the output of industrial raw materials of non-agricultural origin has contracted sharply. World production of raw materials for producers' goods dropped by about 20 per cent. between 1929 and 1931. The *quantum* of world trade seems to have contracted by 20 to 25 per cent.; as the trade in crude foodstuffs, which constitutes a very high proportion of total trade, was relatively well maintained, the contraction of trade in manufactured articles was very much greater. Industrial production in the principal manufacturing countries, excluding Soviet Russia, shrank by at least 25 per cent. As the national production indices on which this estimate is based include certain raw materials and semi-manufactured goods, the stocks of which have increased, the decline in manufacturing production proper was no doubt greater.

In the course of the depression, international trade has been increasingly affected by the heavy fall in prices, by the restriction and diversion of international capital movements, and by the attempts made to control international trade balances. The general decline in gold prices which began in the autumn of 1929 continued throughout 1931 and the first half of 1932; the wholesale price indices of most countries remaining on the gold standard were 15 per cent. to 20 per cent. lower at the middle of 1932 than at the beginning of 1931. In world markets the price decline since 1929 has been greatest in the case of crude foodstuffs and industrial raw materials of agricultural origin; at the beginning of 1932, the prices of most cereals and textiles were from 50 to 60 per cent. lower than at the beginning of 1929.

In its issue dated December 3, 1932, the London *Economist* recorded that the preceding fortnight had "seen a catastrophic fall in the level of international gold prices *pari passu* with the depreciation of sterling. ..... Practically every commodity participated in this abrupt recession." Consequently the year 1932 closed unfavourably in relation to commodity prices, with further declines threatened owing to the war-debt position, and the consequent continued derangement of international trading and financial relations.

Japan.—Largely as the result of the extensive military operations in Manchuria the Japanese budget expenditure and the deficit were reported as the largest in Japanese history. The adverse trade balance for the first nine months of the year was Yen 114.6 millions, representing an increase of Yen 9.0 millions over the adverse balance in the corresponding period in 1931. In October, however, exports improved to Yen 147 millions against Yen 140 millions in September, and the adverse balance was then Yen 66 millions against 55 millions in the first ten months of 1931. Japan's policy in Manchuria has obviously reacted unfavourably on her trade with other parts of China.

India.—The trade of India, in common with that of the rest of the world, felt the continuing effects of the economic blizzard; there was a considerable shrinkage both in the volume and the value of her overseas commerce. On the other hand, the monsoon rains were seasonal and the crops normal. A first survey of the position reveals a feature so novel in the trade cycle that it demands special note; there was an excess of imports of merchandise over exports in the months April to August. Whilst the total exports of merchandise (including re-exports) during these five months amounted to Rs. 49.58 crores, the value of imports was Rs. 59.45 crores, showing a visible balance of trade against India of Rs. 10 crores approximately. This period is in normal years one of sluggish trade, and this is the first occasion during the past decade when for these months the visible balance of trade was against the country. The phenomenon is one which deserves study; we are able to offer no opinion as to the underlying causes, save the possible one that the inward flow of trade was due in part to the exceptional exports of gold. The total value of the exports during the calendar year was Rs. 138.29 crores, compared with Rs. 169.48 crores in 1931, and Rs. 257.04 crores in 1930—eloquent testimony to the catastrophic drop in the values of all agricultural commodities. The value of imports in the same period was Rs. 133.34 crores, as compared with Rs. 135.69 crores in 1931 and Rs. 184.78 crores in 1930. The favourable merchandise balance of trade (excluding treasure) was about Rs. 5 crores, as against Rs. 34.66 crores and Rs. 73.77 crores in the two previous years respectively.

The most remarkable feature in the trade history of the year was the sustained movement of gold from the country. The setting in of this reverse tide and the causes therefor were analysed in the Annual Review for 1931; it is necessary therefore only to enquire into the course of the continuing process. The outflow commenced with the abandonment of the Gold Standard by Great Britain, which as the rupee was linked to sterling connoted a substantial premium in gold measured in terms of rupees. This material profit, synchronising with a fall in commodity values which imposed a severe strain on a community predominantly agricultural, induced many people whose reserves, or more properly speaking "stores of values", were held in the form of gold bullion to part with a portion of their holding, both to seize the opportunity for profit and to supply their immediate needs by realising some of their capital. The movement was slow at first, and the gold export figures for 1931 were Rs. 37.48 crores. But it was sustained throughout the following year, ebbing and flowing as the dollar-sterling rate fluctuated and the premium rose or fell. The gold exports in 1932 were valued at Rs. 75.91 crores, bringing the total shipments

since September 1931 up to the close of the year to Rs. 111½ crores. This sustained movement of the metal which is the basis of credit brings the broad questions of policy arising therefrom into the limelight. It must be recognised that the sentiment of the country is opposed to parting with any considerable quantity of its gold reserves, whether those are held under the control of Government in the Treasuries or diffused in the small stores of the people. The rigid translation of this sentiment into policy, leading into an embargo on gold shipments, could not be justified. This gold represented an investment; the owners thereof could not, in equity, be denied the opportunity of making a profit on their investments when that freedom was conferred in holders of all other forms of security. But even those who held most strongly the view that a reasonable liberty must be afforded to owners of gold to profit by the unexpected premium on its value recognised that there must come a time when it would be necessary to consider whether the exports had not reached a point when their continuance was in the true interests of the country as a whole. That point certainly had not been reached at the close of 1931, when the total exports were no more than seven per cent. of the comparatively recent acquisitions. The position was much more real at the end of last year, when the total amounted to the substantial figure of Rs. 111½ crores. The position needs to be re-examined in the light of the volume of the export and its relation to the monetary and banking needs of India.

These exports have now completely extinguished the gold bullion imports into India since 1926, which amounted to Rs. 96.82 crores. None will deny that the conversion of these inert holdings into credit instruments has exercised certain beneficial effects. It has enabled the Government of India to meet maturing foreign debts and Home Charges without drawing on their own concentrated holdings or incurring further loan obligations. It has enabled the people to meet their needs for imported goods, which otherwise could not have been satisfied, and has in this way stimulated the import trade. Normally the annual visible balance of trade in merchandise in India amounts to Rs. 68 crores; in 1932, largely owing to the shrinkage in the values of exported produce, this declined to the small figure of Rs. 5 crores. India, in common with other countries, has to a certain extent sought to improve the balance of trade, or at least reduce the unfavourable balance, by tariffs and revenue duties; this notwithstanding, the visible balance of trade in merchandise has fallen from the substantial figure of Rs. 68 crores to an almost negative figure. The invisible imports into India–which largely reduce the visible balance–are large; thus whilst no exact figures are available it would seem inevitable that the actual balance of trade is against the country. To continue indefinitely to pay for such balances by the export of gold—in other words by drawing on capital reserves—is for a country mainly engaged in the production of agricultural commodities and raw materials hardly wise.

Nor is this the only problem which has to be considered in relation to the exports of gold on private account. An essential part of the scheme of Reforms which is to give India a Federal Government with a responsible administration is the formation of a Reserve Bank, which will assume the duty of managing currency and exchange free from all political influences. With this urgent duty to discharge the Government may need to acquire some of the gold which is now being exported in order to give the Reserve Bank an adequate gold backing when it assumes

these onerous responsibilities. We should note that many countries, though they have abandoned the Gold Standard, are nevertheless acquiring gold at the present price. Included in this category is the Bank of England, which secured £20 millions of bar gold after Britain went off the Gold Standard. This acquisition proved of the utmost value in the payment of the instalment of the debt due to the United States of America on December 15 ; through this agency the debt was discharged without upsetting the Exchanges, whereas payment in any other form would have given a further shock to world trade and thrown the complicated mechanism of Exchange out of gear. In view of all these circumstances, the policy of allowing freedom of export for gold demands further consideration. If left untramelled, there is every reason to believe that it will continue so long as the premium exists, though it may diminish if that premium falls. We offer no dogmatic opinion on this far-reaching and controversial question, but urge that the situation does not justify a policy of rigid *laissez faire*, and should be examined with a view to adjusting the legitimate needs of the owners of gold to realise present profits, with the larger needs of the country in the conservation of its gold resources ; and whether the Government of India should not purchase themselves some of this gold to strengthen the backing of the projected Reserve Bank.

Enquiries have been made in many quarters as to how the proceeds of gold exports from India, amounting to about Rs. 111½ crores since September, 1931, have been invested. The following figures may prove useful in analysing the question :

	Crores.	Crores.
Average annual balance of trade in favour of India ..	Rs. 68	Rs.
For 15 months from October 1931 to December 1932 ..	Rs. 84½	
Less actual balance of trade during the same period ..	,, 20	
	——	64·50

Withdrawal of rupee coins and bullion during the same period.

	Coin.	Bullion.	Total.	
30- 9-31	126.81	5.73	132.54	
31-12-32	97.83	12.83	110.66	
Net decrease				21·88
Less—Estimated Government sale of silver in the same period 28 million ounces, *i.e.*, 7·5 crores tolas				7·50
				14·38
Investment in new loans in 1932 .. Rs. 13.70 in June. Rs. 5.00 in August.				18.70
Investment in P. O. Cash Certificates				10.00
				107·58

Besides there is payment of land revenue and increase in the cash balance of the Imperial Bank and investment in gilt-edged securities.

Although the supplementary Finance Bill passed in September 1931 covered the budget year of 1932-33, and no new proposals were made when the Finance Member formally presented the budget for the fiscal year 1932-33 on March 2, it was pointed out that the expectations entertained in September were not likely to materialise in spite of a general rise of 25 per cent. in import duties. According to the provisions made in September 1931, it was estimated that the financial year 1932-33 would end with a surplus of Rs. 5.23 crores, but between September and March when the Budget was formally presented, the revenue returns according to the Finance Member had not come up to expectations. The surplus at the end of 1932-33 would therefore probably be reduced to only Rs. 2.15 crores. The taxable capacity of the people has long been strained and any attempt to meet a deficit in the Indian budget by fresh taxation will intensify the operation of the law of diminishing returns and create general resentment. The only equitable course would seem to be to adjust expenditure to revenue by further drastic retrenchment in all Government departments aiming at immediate reduction in taxation. Commodity prices are steadily falling which makes the lot of the agriculturist very hard, and unless the burden of taxation is made lighter, a point may be reached where the cultivator will not think it worth his while to produce beyond the requirement of his family. Making allowance for the depreciation in the value of the rupee since September 1931, the index number of wholesale prices in India has declined from 114 in January to 104 in November as compared with 107 in September 1931.

The Ways and Means position of the Government of India improved considerably during the year and they found no difficulty in securing sterling requirements beyond their immediate needs within a comparatively short time. Borrowing by treasury bills was on a much reduced scale and the rates of interest paid were very low.

Agitation against the 18*d*. rupee was conspicuous by its absence and in fact it was feared in certain quarters that the ratio might rise above this level unless kept under control by Government, as the only cover available against large exports of gold and other merchandise was purchases by Government. Government are not legally bound to maintain rupee at 1/6-3/16 but it has been proved beyond doubt that they do not intend to allow it to rise above that figure, which was the upper gold point before the rupee was linked to sterling by the Ordinance of September 22, 1931, whereby Government, as currency authorities, were relieved of their obligation to convert currency notes or rupee coins into gold or gold exchange. Apart from the Government's unwillingness to allow the rupee to drift from the upper sterling level, figures given under section "Exchange" amply justify their attitude towards the upper sterling point assuming the rupee, linked to sterling, was 1/6 sterling.

It was not necessary for Government to manipulate currency with a view to maintain the lower point of 1/5-3/4; equally the maintenance of high rates of interest with a view to attract foreign funds has become a thing of the past. Changes in the currency position were entirely dependent on trade factors and despite large exports of gold aggregating Rs. 111½ crores, notes in circulation declined from Rs. 179 crores to Rs. 174.80 crores at the end of the year. Government replenished in part the gold withdrawn in 1931 from the Paper Currency Reserve to meet the sales of sterling. Out of Rs. 37.25 crores worth of gold earmarked at the end of September 1931 for the Gold standard reserve in India by transfers from Paper Currency Reserve, Rs. 14.44 crores worth has already been replaced, leaving a balance of Rs. 22.81 crores. It is generally felt that

the balance will also be gradually replaced as Government are now able to buy sterling remittances freely.

Treasury bills outstanding with the public were reduced from Rs. 60.21 crores at the end of 1931 to Rs. 50.71 crores on December 30, 1932. Government bought very large blocks of sterling remittances during the latter part of the year, through inereased borrowing against Treasury bills. The return offered was, however, very small and even during the last quarter of the year, which usually coincides with the busy export season in India, Government were able to borrow freely at about 2½ per cent. International financial conditions combined with funds surplus to trade requirements and the confidence in Indian investment accounted for the cheapness of borrowing. The Bank Rate in India stood at the low figure of 4 per cent. during the latter part of the year and only once before in 1927, since the Imperial Bank was constituted in 1921, has the rate stood so low figure during the third quarter.

A further explanation of the comparatively low return on investment in Government securities and Treasury Bills was the large repatriation of funds invested abroad during the last two or three years. Persistent rumours, despite repeated denials by the Government of India, anticipating a break in the rupee sterling ratio from 18*d*. to 16*d*. had led to a regular flight from the rupee and large amounts estimated at over Rs. 50 crores were invested abroad, particularly in London, on Indian account.

During 1932 flight from the rupee on account of ratio uncertainties completely ceased. Moreover interest rates in all the important centres were so low that even the inducement of saving in income tax was not sufficient to induce leaving Indian funds abroad. While investment in gilt-edged securities in important European countries and in America gave a return of about 3½ per cent. and new loans were raised in Great Britain and other centres at 3 to 3½ per cent.; two new rupee loans were raised by the Government of India on a 5½ and on 5 per cent. basis and the average yield on the existing securities remained in the neighbourhood of 4 per cent. tax free. Although the yield on 3 months Indian Treasury Bills was very low at about 2½ per cent., the yield on British Treasury bills was barely ½ per cent. except towards the end of the year, when owing to a slight hardening in the discount rates the yield was raised to about 1 per cent. This created a good demand for India sterling stocks in London as these still offered the best investment and consequently there was a sharp rally in their quotations. 3½ per cent. sterling loan which was quoted at about £50 at the beginning of the year advanced to about £93 during October. This had a healthy reaction on the price of India Rupee securities, but the advance was not proportionate and accordingly there was a wholesale conversion by Indian holders of Indian sterling loans into rupee securities. The repatriation of funds so occasioned incidentally had a steadying effect on the rupee sterling exchange rate and accordingly facilitated Government's remittance programme.

No Commissions were appointed this year ; but the Empire Economic Conference in the field of economics, and the Ordinances and their enactment later into law and the third Round Table Conference in the sphere of politics, engrossed the attention of the country and the Legislatures.

The outstanding economic event of the year was the meeting of the Empire Economic Conference at Ottawa. The forces which lent special significance to this gathering were wide and deep. Since the War the world has been in the grip of a fierce and unreasoning economic nationalism, which in pursuit of an unattainable national self-sufficiency—in these days no country can

stand alone—has sought by high, and ever higher tariff barriers to obstruct the natural flow of trade. All efforts to lower these tariff walls through the influence of international co-operation under the ægis of the League of Nations failed; they did not go beyond the stabilisation of tariffs at their existing, often prohibitive levels. Then the stimulus given to production by the artificial conditions of the Great War, aggravated by the progress of invention and its application through mass production, has led to a surplus of every known commodity beyond the capacity of the peoples of the world, in their present economic state, to absorb them. These two forces combined induced a condition of affairs when the States members of the Empire found their export trade hampered by insurmountable barriers and their own markets invaded by competitors working within a ring fence, and world prices in a great range of commodities far below the cost of production. The objective before the Conference was twofold—by preferences between one and another of the associated States to stimulate the flow of trade within the Empire; and by the rationalising of production to bring it within the consuming power of potential customers. And ultimately through the establishment of freer trade within the Empire to induce freer trade all round. After struggling with the immense difficulties arising from the productive interests of each of the associated States the Conference framed an agreement of the most comprehensive character. This has since been ratified, and although it is too early to form any reliable opinion of the effect of the Agreement, the world is looking hopefully to its influence not only on Empire but world trade.

Since then, according to cables from Ottawa on which the *Economist* commented in its issue of December 17, the reclassification, which is now being carried out, of several items in the Canadian tariff is likely to neutralise even the small benefits which seemed to accrue to Lancashire and Yorkshire from the Ottawa Agreement. For example, under the Agreement it was provided that woollen woven fabrics "in the grey or unfinished condition" should be admitted free if of British origin. The revised definition of "grey or unfinished" now issued by the Canadian National Revenue Department will have the effect of excluding from this category a large proportion of British woollens formerly covered by it, hence placing them in the categories subject to high rates of duty. Again, Canada made a concession at Ottawa whereby British cotton fabrics woven from yarns of counts of one hundred or more should be awarded free entry. Hitherto double-strand yarn has been reckoned by the Canadian Customs as equivalent to two single strands; but a new reclassification provides that "doubles" are in future to be counted as "singles." As a result, a large volume of Lancashire's cotton exports to Canada will be placed in the highly dutiable classes. "Here" says the *Economist* "surely is a case in which friendly representations might be made by the British Government that the spirit of the Ottawa Agreement is not being adhered to by the Canadian Government."

The first reception of the Agreement in India was critical. But after very full discussion in the Imperial Legislative Assembly, it was ratified for a period of three years. It was impossible however to frame any exact, or even probable estimate of the actual commercial gain which will accrue to this country; we have to take our stand on the broad ground that any movement which leads to freer trade will yield its quota of advantage to a great exporting country like ours. But an issue of great emerge arises if the revised definitions in the Canadian tariff are maintained; if one associated State is permitted so to change its schedules, the same liberty cannot be denied to others, and India will claim equal liberty of action. The following table may be found of interest in analysing the trade of India as it is to-day, and the changes which may be expected as the result of these activities:—

Merchandise Exports and Imports from and into India (Figures in lacs of rupees).

Countries	Years.	Exports of tea to	Exports of Jute to	Total exports of tea and jute.	Total Merchandise exports from India to	Total Merchandise exports excluding tea and Jute.	Total Merchandise Imports into India.	Balance of trade in favour of or against India.	
				(1)	(2)	(3)	(4)	(2—4)	(3—4)
United Kingdom	1929	2289	944	3233	6808	3875	10551	— 3743	— 6676
	1930	1991	497	2488	5563	3075	7434	— 1871	— 4359
	1931	1735	502	2237	4483	2246	4636	— 163	— 2400
	1932	1464	365	1829	3811	1982	4858	— 1047	— 2876
Canada	1929	71	154	225	244	19	197	+ 47	— 180
	1930	55	104	159	177	18	147	+ 30	— 129
	1931	70	66	136	152	16	67	+ 85	— 51
	1932	75	73	148	164	16	34	+ 130	— 18
Australia	1929	33	427	460	583	123	1048	— 465	— 925
	1930	22	392	414	493	79	283	+ 210	— 204
	1931	19	229	248	282	34	240	+ 42	— 206
	1932	9	341	350	399	49	82	+ 317	— 33
New Zealand	1929	2	65	67	79	12	3	+ 76	+ 9
	1930	2	50	52	62	10	3	+ 59	+ 7
	1931	5	25	30	36	6	3	+ 33	+ 3
	1932	5	28	33	38	5	4	+ 34	+ 1
Africa (Br. Possessions)	1929	13	181	194	560	366	412	+ 148	— 46
	1930	8	134	142	453	311	379	+ 74	— 68
	1931	5	98	103	344	241	385	— 41	— 144
	1932	3	93	96	282	186	258	+ 24	— 72
Ceylon	1929	33	16	49	1362	1313	190	+ 1172	+ 1123
	1930	37	8	45	1196	1151	138	+ 1058	+ 1013
	1931	21	8	29	806	777	137	+ 669	+ 640
	1932	22	5	27	711	684	184	+ 527	+ 500

United States..	1929	59	2233	2292	3865	1573	1810	+ 2055	— 237
	1930	56	1518	1574	2477	903	1515	+ 962	— 612
	1931	59	796	855	1475	620	1439	+ 36	— 819
	1932	52	625	677	1017	340	1143	— 126	— 803
France..	1929	1	399	400	1661	1261	455	+ 1206	+ 806
	1930	1	216	217	1335	1118	328	+ 1007	+ 790
	1931	1	225	226	779	553	253	+ 526	+ 300
	1932	2	105	107	731	624	207	+ 524	+ 417
Germany	1929	2	808	810	2995	2185	1557	+ 1438	+ 628
	1930	1	431	432	1714	1282	1294	+ 420	— 12
	1931	1	273	274	1054	782	1129	— 75	— 347
	1932	....	249	249	821	572	1048	— 227	— 446
Belgium	1929	....	200	200	1313	1113	700	+ 613	+ 413
	1930	....	147	147	888	741	514	+ 374	+ 227
	1931	....	98	98	481	383	361	+ 120	+ 22
	1932	....	68	68	370	302	324	+ 46	— 22
Netherlands	1929	....	82	82	926	844	446	+ 480	+ 398
	1930	....	51	51	758	707	343	+ 415	+ 364
	1931	....	25	25	516	491	235	+ 281	+ 256
	1932	....	30	30	321	291	175	+ 146	+ 116
Italy	1929	....	203	203	1332	1129	675	+ 657	+ 454
	1930	....	121	121	870	749	499	+ 371	+ 250
	1931	....	76	76	565	489	395	+ 170	+ 94
	1932	....	75	75	477	402	397	+ 80	+ 5
Japan	1929	....	102	102	3394	3292	2287	+ 1107	+ 1005
	1930	....	46	46	2636	2590	1689	+ 947	+ 901
	1931	....	26	26	1772	1746	1386	+ 386	+ 360
	1932	....	46	46	1169	1123	1928	— 759	— 805
China	1929	2	207	210	942	732	427	+ 515	+ 305
	1930	13	101	114	1717	1603	355	+ 1362	+ 1248
	1931	6	104	110	746	636	292	+ 454	+ 344
	1932	....	109	109	466	357	297	+ 169	+ 60
Other Countries (Br. and Foreign)..	1929	200	2311	2511	5090	2579	4101	+ 989	— 1522
	1930	194	1519	1713	4837	3124	3555	+ 1282	— 431
	1931	118	831	949	2966	2017	2609	+ 357	— 592
	1932	75	897	972	2698	1726	2425	+ 273	— 699

The political history of India during the year was chequered. With the close of the second session of The Round Table Conference in London and the return of Mr. Gandhi to India from London, where he was the sole representative of The Indian National Congress, the civil disobedience movement, which had been in suspense since the Irwin-Gandhi Pact, was revived. The Government of India had met the anarchist movement in Bengal, the "Red Shirt" agitation in the North-West Frontier Province and an agrarian movement in the United Provinces by the issue of Ordinances which gave them special powers to deal with revolutionary agitation and a No-Rent Campaign. When the Working Committee of The Indian National Congress decided in January to resume civil disobedience, as a protest against the use of these exceptional powers, the Ordinances were applied to the whole country and active steps were taken thereunder. Civil Disobedience was by these means kept in check, and before the Ordinances expired by the efflux of time, they were replaced by special laws, enacted by the various legislatures, which armed Government with the necessary authority. Notwithstanding these developments, the Imperial Government pressed forward with the work of preparing a new constitution for the country. Three important Committees visited and toured India to investigate important problems in order to implement the work of the second Round Table Conference. These embraced such subjects as the position of the Indian States in a Federal Scheme; their financial relations with the Federal Government; and the franchise on which the whole fabric should rest. Their reports were issued in the course of the year, and covered most of the ground which will come within the scope of the projected legislation. Meantime the work of the Conference was carried forward by a Consultative Committee sitting in India under the presidency of His Excellency the Viceroy. The hope that this Committee would be able to complete the work of the Conference was not fulfilled; and it became necessary to summon a third Session of the Conference, which was held towards the close of the year. It reached a large measure of agreement, though inevitably certain differences remained. The next step is the framing of the necessary legislation, and the draft Bill will be referred to a Joint Select Committee of both Houses of Parliament, which will consider it with the aid of an Indian Delegation. The award of the Prime Minister on the vexed communal question, which stultified so much of the work of the second Session of the Conference, removed that stumbling block. An agreement with Mr. Gandhi and the Depressed Classes, accepted by orthodox Hindus, has satisfied their claims. The year therefore ends on a note of much greater hope that the constitutional ambitions of India will be satisfied without any recurrence to civil disobedience, and that a measure of political peace will be obtained. But the fruition of this hope is largely a matter of time; it is felt that inquiry has already been too protracted and that the new constitution should be inaugurated with the least possible delay. Moreover, whilst the ideal of a United India, embracing both the Indian States and British India in a Federal whole, still grips the imagination of the people, and Federation holds the field, the opinion is widespread that should any unforeseen contingencies either prevent, or delay, the entry of the Indian States into a Federation, the establishment of real responsibility in the Central Government of India, based on full autonomy in the Provinces, with reasonable safeguards, which are an essential Indian interest, should not be postponed; and that a constitution which ensures these ends, leading ultimately to full Dominion status, should be pressed forward so as to re-establish complete confidence between Britain and India, and secure the contentment of the country as a self-governing constituent State within the Commonwealth.

Happily for the country, labour troubles in industry were insignificant during 1932. External competition, low purchasing power owing to the fall in commodity prices and reduced exports of India's raw products kept the demand for local manufactures at a low ebb. The cotton mill industry, especially in Bombay, was hard hit by competition from abroad and on representations from commercial interests, the Government of India caused on July 21, an enquiry to be instituted through the Tariff Board in regard to further protection for the cotton mill industry. As a result of their recommendations published on August 30, the existing duty on cotton textile imports of non-British origin was raised to 50 per cent. *ad valorem* or 5½ annas per pound whichever was the higher. Although it is too early yet to judge the effects of such high protection, it is unquestionable that so long as the expensive and obsolete Managing Agency System is not uprooted, the full advantages of the protection granted will not accrue to the industry.

Despite promises, the Government of India have not yet thought it fit to amend the Indian Companies Act, which is out of date. More than six years ago Government realised the necessity of reform and the amendment of the British Companies Act was made a condition precedent to similar action in India. The British Act was duly amended in 1926 and the subequent inaction on the part of the Government of India is indeed unfair to India's commercial interests as a whole and to shareholders in particular. Amendment to an act of such general importance as the Companies' Act should not be made dependent upon the grant of constitutional reforms.

The Jute industry passed through a very bad year. In spite of agreements to work shorter hours and to curtail production, the industry showed no improvement owing to the slackness of foreign demand. The industry is, however, maintained and managed in an efficient manner and with the revival of general world trade, it is bound to be among the first to gain.

The steel industry suffered from the curtailment of the general building programme and from holding up of railway extensions. The industry, nevertheless, was able to keep its head above water probably owing to reduced foreign competition. Specially favourable treatment has been accorded to the Indian steel industry by an agreement between Great Britain and India and it is expected that with a general improvement in prices the industry will do well.

Money.—Judging the year as a whole, the monetary situation was easy, though during the first two months money was expensive and the rate for call loans varied between 6 and 7 per cent. The Imperial Bank rate of interest stood at 8 per cent. at the opening, but was reduced to 7 per cent. on January 14, and to 6 per cent. on February 25, where it remained up to April 28, when it was decreased by another one per cent. to 5 per cent. The movement of crops from up-country to ports and the financing of gold exports gave employment to large sums and offset the excess of treasury bills maturities over renewals. Government paid in interest as much as 7 per cent. on short-term bills in order to discharge large maturities amounting to over Rs. 42 crores during January and February while renewals during the same period amounted to about Rs. 30 crores. Government also purchased large blocks of sterling remittances, but the proceeds from these were easily absorbed by the market. In fact currency during the first quarter was expanded by about Rs. 11 crores against rupee securities.

Signs of easy money, which began in March, became more pronounced from the end of April and thereafter barring temporary tightness coinciding with the payment for treasury bill purchases by tender, day to day loans were freely available at low rates of interest till they became almost unlendable in September upto mid-October at even ½ per cent. The Imperial Bank rate was further reduced from 6 to 5 per cent. on April 28 and to 4 per cent. on July 7, at which level it stood throughout the rest of the year. The Bank rate was last as low between July and September 1927, when the average bank rate for the year was 5.726 as compared with 5.019 for 1932 and 7.046 for 1931. From October, exports of gold which had dwindled considerably since March, showed signs of revival and money became a little more usable with call funds quoted at about 1½ to 2 per cent. till the end of the year. Even the approach of the export season did little to revive money rates and on the closing day of the year, call funds were still available at about 2½ per cent. Yet treasury bill maturities from August upto the end of the year amounted to Rs. 29.89 crores, renewals during the same period exceeding them by Rs. 7 crores. Government, however, bought £16,395,000 sterling from the market between August and December and the proceeds partly offset the excess of treasury bill renewals. The amount of treasury bills outstanding at Rs. 59.93 crores at the opening of the year was reduced to under Rs. 27 crores by the end of August, but increased again to Rs. 50.71 crores at the close. While however Government paid about 7 per cent. interest on treasury bills at the opening of the year, they borrowed large blocks at 2¼ to 2½ per cent. during the last quarter, which incidentally marks the beginning of the Indian export season and is usually a precursor of high money rates.

The cheapness of money and the plethora of funds was also shown by the fact of Government of India's ability to raise two rupee loans with ease and at comparatively lower rates of interest during the same year. In 1931, even the success of a single rupee loan at a high rate of interest was problematical. Government borrowed in June Rs. 19.23 crores in a 5½ per cent. 1938-40 loan, of which Rs. 13.70 crores were subscribed for in cash and the balance in conversion of 6 per cent. 1932 bonds and treasury bills. Another rupee loan of Rs. 25 crores was issued in August bearing 5 per cent. interest maturing 1940-43. It was oversubscribed within four hours after the list was opened.

Money rates were cheap throughout the world, and the bank rates of all important central institutions were at low records. These conditions were fully reflected in India, where in addition about Rs. 76 crores were freed through the export of gold. Furthermore, the lack of demand for funds in trade and industry caused the return on first class gilt-edged securities to decline to rediculously low levels. Large long-term loans were raised at 2 to 3 per cent. in Great Britain and other important centres, causing the prices of existing stocks to rise in proportion. India sterling stocks in London rose in sympathy and gained about 25 per cent. since they were still the best interest paying proposition. Confidence in India's credit which had been rudely shaken in the previous two years owing to political troubles was fully revived and India sterling loans found favour with foreign investors, so much so that there was a big disparity between the price of India sterling stocks in London and rupee securities in India. This led to large conversions into rupee securities by Indian holders of sterling loans. Repatriated funds were not all invested

in long-term securities, which were not freely available at reasonable prices, the surplus was added to the floating supply of short-term money. This was an additional factor accounting for cheap money in India, the reaction of which on the security market was very healthy.

Securities.—There was a complete reversal in the tone of the gilt-edged market in 1932 compared with the previous year. While lower prices and want of confidence characterised the previous two or three years, higher rates with keen buyers were the features of last year. World trade and industry continued stagnant and all surplus funds were diverted into fixed, though comparatively low interest bearing propositions. In India, there was the additional factor that the release of funds through the export of gold aggregating over Rs. 111½ crores since gold exports began in September 1931, partly found their way into the gilt-edged market, as well as the large repatriated funds. Government's ways and means position improved and they gradually reduced their borrowing and the interest payable on treasury bills which was not without its reaction on security prices. The political situation though bad did not as in the previous two years, affect the gilt-edged market and even the high income tax rates and the flaw in the Income Tax Act, which makes investment abroad more advantageous, by affording a premium on such rupee capital, did not discourage investment in rupee securities.

On January 15, the Government of India repaid without fresh borrowing £15 million 5½ per cent. maturing 1932 India sterling loan in London and this had a very healthy effect in the Indian markets. The Imperial Bank rate was also reduced at this juncture from 8 to 7 per cent. Buyers appeared in all scrips and there was an all round rise in prices. 3½ per cent. Paper advanced by Rs. 3 to Rs. 54-8 and 5 per cent. 1945-55 loan rose from Rs. 88-10 to Rs. 92-4. Buoyancy continued throughout the first quarter and 3½ per cent. Paper touched Rs. 63-6 and 5 per cent. 1945-55 loan Rs. 98-14 in mid-March when a reaction occurred, the former declining to Rs. 60-4 and the latter to Rs. 97-12 but closed at Rs. 61-4 and Rs. 98-10 respectively at the end of the month. April was a comparatively dull month but the tone of the market was steady on the whole. The issue of a 5 per cent. new India sterling loan in London on April 25 caused a slight recession in the values of India sterling loans in London with a corresponding fall in rupee securities. But the loan was oversubscribed immediately on the opening with the result that prices of India sterling stocks as well as of rupee securities advanced. 3½ per cent. India sterling loan rose from about £60 to £68 and 3½ per cent. rupee Paper improved to Rs. 62-10. 5 per cent. 1945-55 loan gained to Rs. 99-8.

The market had not expected an India sterling loan and although it came as a surprise it nevertheless came at an opportune moment. It would not have been possible to raise an Indian loan in the London market if the conversion scheme for the British War Loan had come into operation. Furthermore, with any weaker tendency in the sterling-dollar cross rate the gilt-edged market would have been adversely affected.

The success of this loan on Indian securities was salutary and assured Government favourable terms for the issue of a new rupee loan. Prices during May advanced further and a fair

turnover was reported in long-term as well as short-term bonds. 3½ per cent. Paper after rising to Rs. 63-11 and 5 per cent. 1945-55 loan to Rs. 101-2 reacted to Rs. 62-12 and Rs. 100-12 respectively towards the end of the month.

On June 1, the Government of India notified an issue of 5½ per cent. taxable rupee loan due 1938-40 at Rs. 98 without limit of amount from June 6 to 18. The announcement did not affect the local security market as the yield offered was competitive with that available on existing securities. But the progress of the loan during the first few days was not considered satisfactory, only Rs. 9 crores being subscribed in 4 days. This reacted adversely on prices ; 3½ per cent. Paper declined to Rs. 60-14 and 5 per cent. 1945-55 loan to Rs. 100-6. The fall was, however, arrested as large applications were received for the new loan at the later stage. In addition the repayment by the Government of India on June 15, (the earlier optional date) of some £6 million outstanding 6 per cent. 1932-33 India sterling stock, had a healthy reaction on values of India sterling loans in London which advanced a few points each. Prices of rupee securities improved in sympathy, 3½ per cent. Paper touching Rs. 62-5 and 5 per cent. 1945-55 loan Rs. 100-14.

The cash subscriptions to the new rupee loan amounted to Rs. 13.70 crores out of a total of Rs. 19.23 crores and surpassed all expectations. The conversions of 6 per cent. 1932 bonds on the other hand were very small being only 25 per cent. of the total outstandings.

From June 20, the Bombay Stock Exchange authorities resumed forward dealings in 3½ per cent. Paper and in 5 per cent. 1945-55 loan, which had remained suspended since October 16, 1931. The change gave rise to large speculative dealings particularly in 3½ per cent. Paper, prices fluctuating from day to day with an upward tendency.

Towards the end of June the market became very buoyant following a sharp rise in the price of India sterling stocks in London. This was due to an advance in British securities following a reduction in the Bank of England rate to the record low figure of 2 per cent. on June 30. Furthermore, on July 1, the details of a conversion scheme of the £2000 million of 5 per cent. 1929-47 war loan were announced in the House of Commons. The new loan carried 3½ per cent. interest and is due for repayment at the earliest in 1952.

3½ per cent. India sterling stock advanced 5 points to £75½ and 3½ per cent. Rupee Paper in the local market improved to Rs. 67-8 and was accompanied by a fair volume of speculative business. There was also a moderate investment enquiry for all other issues.

The disparity between the price of India sterling stocks and rupee securities widened so much so that in the first week of July, 3½ per cent. India sterling loan was quoted at £82½ and 3½ per cent. Paper at Rs. 70. It induced a considerable conversion of sterling securities into rupee loans, thus making the gap narrower; while 3½ per cent. sterling loan declined by £2½ to £80, 3½ per cent. rupee Paper lost only 5 annas to Rs. 69-11. Prices improved all round and long-term terminable loans were in good demand with a rise of 4 to 5 points, 5 per cent. 1945-55 loan advancing to Rs. 103-11.

Speculation in 3½ per cent. Paper now became rampant and advices from the London market on the progress of the conversion loan played an important role. Large sales and purchases were also effected by investors who either converted their sterling stocks into rupee Paper or sold rupee Paper and reinvested the proceeds in other rupee long-term terminable loans.

Towards the latter part of July, however, the security market became comparatively dull and somewhat easier following the news of political disturbances in Germany with its repurcussions in the London market. 3½ per cent. Paper declined to Rs. 68-8 and 5 per cent. 1945-55 loan to Rs. 103-8. The reaction was only temporary and by the end of the month prices advanced once again, 3½ per cent. Paper closing at Rs. 70-2 and 5 per cent. 1945-55 loan at Rs. 104-2.

In the first week of August, Government suspended the sale of Treasury Bills in order to smooth the way for the issue of a second rupee loan, about which rumours had persisted for some time. Large funds repatriated from London through the sale of India sterling stocks had only partly been reinvested and the need of a long terminable loan at a reasonable rate of interest was patent. The security market in India was in a healthy condition and success for an issue was assured.

On August 10, the Government of India announced the terms of the second rupee loan. It was for Rs. 25 crores, bearing interest at 5 per cent. and was made repayable in 1940-43, at Government's option at three months' notice after October 1, 1940. The loan was a taxable one and the issue price was fixed at Rs. 98.

The list opened on August 17, and subscriptions exceeded the required amount within four hours, and the list was closed. The loan was phenomenally successful, but advices from outside centre were discouraging and the good effects that might otherwise have been felt in the local market, did not materialise. 3½ per cent. Paper was maintained between Rs. 68 and Rs. 69 and 5 per cent. 1945-55 loan between Rs. 104 and Rs. 105, almost up to the end of September, when a better tone was again manifest. Prices of India sterling stocks in London showed signs of improvement and money was cheap in the local market. The turnover improved and prices advanced all round. 3½ per cent. Paper rose to Rs. 69-12 and 5 per cent. 1945-55 loan to Rs. 105-2.

The improvement in rates continued throughout October. The British Government encouraged by the success of the conversion scheme, decided upon a second issue for a similar purpose. Treasury Bonds bearing 2 per cent interest per annum maturing 1935-38 for £150 million were issued. Although the market had anticipated the issue the low rate of interest came as a surprise, but even at this low return, the cash portion of the loan was subscribed immediately after the opening. As a consequence 3½ per cent. India sterling loan advanced to Rs. 89½ and all other issues progressed proportionately. The local market immediately responded to the rise, and while there was not a corresponding advance, prices gained substantially ; 3½ per cent. rupee Paper rose to Rs. 77-0 and 5 per cent. 1945-55 loan to Rs. 108-1 with a large turnover. The rise was, however, checked by the fall in the London-New York cross rate at this juncture and the security

market weakened. 3½ per cent Paper fell to Rs. 72-11 ; 5 per cent 1945-55 loan to Rs. 106-14 and all other issues declined by ½ to ¾ per cent.

On November 1, the British Government issued a third loan this time for £300 million. The rate of interest was fixed at 3 per cent and the issue price at 97½ with redemption at par in 1948-53. The loan was oversubscribed on opening and there were only partial allotments. The success of this issue had a very healthy effect on the price of existing British and Indian stocks ; 3½ per cent Indian sterling loan touched the highest level of the year, *i.e.*, £93 and the quotation for 3½ per cent Rupee Paper advanced to Rs. 76-4. But weakness at this stage in the London-New York cross rate, however, adversely affected security quotations, 3½ per cent sterling loan declining to £91 and 3½ per cent Paper to Rs. 73-1 on the 4th. Other issues, however, were not materially altered owing to cheap money and absence of sellers of gilt-edged securities.

The tendency was quiet throughout November in sympathy with the London-New York cross rate and 3½ per cent India sterling loan declined gradually to £83 and 3½ per cent Paper to about Rs. 71-9. With the plethora of funds seeking investment and an improvement in the pound sterling during the latter half of December, prices steadied with 3½ per cent India sterling loan closing at £88 and 3½ per cent Paper at Rs. 74-1.

The undertone at the end of the year was steady and so long as trade does not revive and money is unusable in that channel, the security market will attract all surplus funds.

Sterling Exchange.—The year 1932 was in great contrast with 1931 as far as the rupee sterling exchange market was concerned. The 18*d.* rupee ratio was no longer dragged into public controversy and at no time did Government have to sell any sterling. In contrast upto the end of September 1931, every nerve had to be strained to maintain the lower gold point and nearly £17,457,939 sterling was sold by Government. The depreciation of sterling in terms of gold currencies and the linking of the rupee to the pound sterling discouraged remittances from India to London. Furthermore, gold worth about Rs. 35.68 crores was exported from the time Britain went off the gold standard in September 1931 and in the absence of any large remittance enquiry, the only cover available against gold exports was purchases by Government. Purchases of £49,811,000 sterling were made by Government, during the calendar year 1932, of which £20,237,000 sterling were accounted for between January and March 31, 1932. The exchange rate was high and it was even apprehended in certain quarters that Government would allow the rupee to rise above 1*s.* 6-13/64*d.*, since the Currency Act as amended in September 1931, relieved Government of the statutory obligation to buy unlimited amounts at the upper rupee exchange point. Practical financiers and business men, however, attached no importance to these rumours as Government had given a clear indication of their intention not to allow the rupee rate to go above 1*s.* 6-3/16*d.* During November-December 1931, when there was a rush of gold exports and the only cover available was purchases by Government for their Home remittances, it would not have been difficult for Government to buy sterling at a higher rate than 1*s.* 6-3/16*d.* had they desired to do so. Even during the last quarter of 1932, Government received some tenders for sterling at 1*s.* 6-3/16*d.*, but their rate for purchases of intermediates, which is usually is 1/32*d.* higher than the highest tender

rate, was also the same, *viz.*, 1*s.* 6-3/16*d.* The figures given under the section "Exchange" are relevant to the position here noted.

Another relevant factor is that loans of £17 million bearing interest at 6 per cent are due for repayment in 1933. These factors justify the belief that Government will buy whatever sterling they can at 1*s.* 6-3/16*d*, particularly as the export of gold is an uncertain and unsual source of sterling supply and it cannot be said when it will lessen or even dry up completely. Furthermore, the merchandise balance of trade in favour of India is shrinking, being only Rs. 5 crores this year as against Rs. 34.66 crores in 1931 and Rs. 73.77 crores in 1930.

The exchange market opened steady with sellers of ready T. T. at 1*s.* 6-3/32*d.* and buyers at 1*s.* 6-5/32*d.* Forward rates were also steady with T. T. delivery February quoted at 1*s.* 6-1/16*d*, March at 1*s.* 6-1/32*d.* and April at 1*s.* 6*d.* Rates were steady almost upto the end of March and Government bought about £20 million sterling at the average rate of 1*s.* 6-1/8*d.* Gold business had been diverted to such centres as Calcutta and Madras owing to political disturbances in Bombay and exchange business was very small locally, the strength of the market being largely a reflection of conditions in others.

Towards the end of March the market showed signs of weakening owing to the paucity of gold exports and Government reduced the amount of weekly tenders for the purchase of sterling by a half to £500,000. All tenders at low rates were rejected, but this only gave temporary strength to the market which was inherently quiet. By the end of April the quotation for sellers of ready T. T. declined to 1*s.* 5-15/16*d.* with buyers at 1*s.* 6*d.* No tenders for the sale of sterling were made to Government and accordingly they suspended the invitation for weekly tenders from May 4.

The market remained easy almost till the end of June, when arrivals of gold from upcountry improved and in the absence of any large enquiry for remittances, the rupee sterling quotation advanced to 1*s.* 6-1/16*d.* for ready T. T. in the first week of July. At this stage large funds were being repatriated from London into India through the sale of India sterling stocks by Indian holders.

The rate for ready T. T. advanced to 1*s.* 6-3/32*d.* for sellers and 1*s.*6-1/8*d.* for buyers by the beginning of August. Seeing the possibility of buying sterling once again at high rates, Government invited tenders for £500,000 sterling on August 10. Tenders for £915,000 at 1*s.* 6-3/32*d.* were received and allotted 54½ per cent. The market continued steady throughout August and Government increased the amount of tenders to £1 million sterling from September 8.

In the second week of September sellers of ready T. T. quoted 1*s.* 6-1/8*d.* with few buyers under 1*s.* 6-3/16*d.* Government received large tenders at 1*s.* 6-5/32*d.* on the 14th and the tap rate was raised to 1*s.* 6-3/16*d.* the highest point at which it was intended to be let go. Throughout the second half of September, sterling exchange was firm and in the last week Government received tenders for over £23 million sterling at 1*s.* 6-5/32*d.* and the allotment was only 4⅓ per cent. There was no change in quotations during the last quarter and they were firm throughout.

Pronounced weakness in the London-New York rate in the first week of November caused a big rise in the rupee price of gold and exports considerably increased. The cover thus provided was more than the market could absorb and in fact, some tenders were even made to Government at 1*s.* 6-3/16*d.* but the tap rate was unchanged at 1*s.* 6-3/16*d.* up to the end of the year.

The undertone at the close of the year was firm and with the export season on hand exchange rates are likely to be maintained at the present level for sometime.

Gold.—Yet another year has passed without any solution being reached in the problem of gold as affecting the international financial, monetary and currency situation. No country off gold returned to the standard, while others abandoned it during the year, the last being South Africa, in the latter part of December. According to the reports of the United States Department of Commerce 45 nations are now off the gold standard. Thirty-four of them have officially suspended the operation of the gold standard and have either reduced the values of their domestic currencies in terms of gold or prohibited the use of their gold in international transactions and have so caused their currencies to decline. Eleven others have been classified as virtually off the gold standard. These include, Austria, Germany and Hungary. The problem of gold has, if anything, become more acute owing to the concentration of the metal in fewer centres, thus causing an unnecessary deflation in the currency available to the world as will be noticed from the following table :—

Note circulation and Gold Reserve.

Central Banks of important countries.	1931.				1932.			
			Note circulation.	Gold Reserve.			Note circulation.	Gold Reserve.
Bank of England.	31-12-31	£.	364 mil.	121 mil.	30-12-32	£.	371 mil.	120.6 mil.
Bank of France. .	30-12-31	Fr.	85,725 ,,	68,863 ,,	30-12-32	Fr.	82,565 ,,	83,120 ,,
Swiss National Bank	31-12 31	S. fr.	1,609 ,,	2,347 ,,	31-12-32	S. fr.	1,610 ,,	2,471 ,,
Netherlands Bank	28-12-31	Fls.	1,023 ,,	887 ,,	27-12-32	Fls.	961 ,,	1,032 ,,
Bank of Sweden .	2-1-32	Kr.	579 ,,	206 ,,	31-12-32	Kr.	598 ,,	206 ,,
Bank of Denmark	31-12-31	Kr.	346 ,,	144 ,,	31-12-32	Kr.	331 ,,	133 ,,
U. S. Federal Reserve Bank:	30-12-31	$	2,613 ,,	2,987 ,,	30-12-32	$	2,735 ,,	3,148 ,,
Reichsbank, Germany ..	31-12-31	R.M.	4,776 ,,	984 ,,	3-1-33	R.M.	3,560 ,,	806 ,,
Bank of Japan ..	30-12-31	Yen	1,400 ,,	520 ,,	1[illegible]-12-32	Yen	1,061 ,,	480 ,,

The price of gold was continually fluctuating during 1932 in conformity with the movements in the pound sterling in terms of gold and gold exchanges. The highest price reached was Rs. 32-1-6 per tola on November 29, and the lowest Rs. 26-6 per tola on March 29.

Forward trading in the local market was disorganised upto almost the end of the year owing to political troubles, business being strictly confined to operations in ready. Because of that business was gradually diverted from Bombay to other centres like Calcutta and Madras; shipments, however, were made from Bombay, parcels being consigned to this Port direct from other centres.

At the outset, there was a tendency for sterling to appreciate and the price of gold declined from Rs. 29-12 to Rs. 28-11 per tola in the second week of January. Sovereigns fell proportionately from Rs. 18-12 to Rs. 18-9 each. There were no changes of importance upto the end of February and the quotation for gold ranged between Rs. 29-8 and Rs. 28-12 per tola with that for sovereigns between Rs. 18-10 and Rs. 18-4. Shipments during this period were quite large aggregating Rs. 16.84 crores.

In March, there was a sharp appreciation in the pound sterling, causing a fall in the rupee price of gold to Rs. 26-6 per tola on March 29 and that of sovereigns to Rs. 17-4. There was a reaction at the lower level and after minor day to day fluctuations, the price of gold eased again towards the end of the month, ready gold closing at Rs. 26-10. Export during March was comparatively smaller at Rs. 6.88 crores.

During the first three weeks of April, business in gold was dull with no important price movements, but in the last week there was a sharp rise in the quotation to Rs. 28-4 per tola following weakness in the pound sterling. Sovereign rate advanced to Rs. 17-14. Arrivals from up-country, however, were gradually declining and even the recovery in rates towards the end of the month made no change. Total exports during April amounted to Rs. 4.24 crores, or less than half of those in January.

During May and in the first half of June, fluctuations were narrow and the price of ready gold ranged between Rs. 27-12 and Rs. 28-4 per tola and that of sovereigns between Rs. 17-7 and Rs. 17-12 each. In the second half of June, however, the pound tended to depreciate and in consequence the price of gold rose to Rs. 28-8-6 and that of sovereigns to Rs. 17-14-3 on June 21. There was a further depreciation in the pound early in July following unfavourable advices concerning the progress of the Lausanne Conference and the price of gold rose to Rs. 28-11 and that of sovereigns to Rs. 18. During the rest of the month price changes were small but at the higher levels, arrivals from up-country improved and the total export during the month increased to Rs. 6.17 crores.

Throughout August the pound sterling continued to depreciate, so that the rupee price of gold began to advance. In the third week, the price of ready touched Rs. 29-6 and after narrow day to day fluctuations closed at Rs. 29-2. Sovereigns at this juncture commanded a premium in terms of gold owing to forward dealings having been started in the coin, though such business in gold bars was still not undertaken. The quotation for the sovereign advanced to Rs. 18-12 in mid-month, but closed at Rs. 18-7-6.

There were no important changes in September since the movements in the London-New York cross rate were narrow. During October the pound sterling depreciated considerably and there were wide fluctuations in the cross rate such as had not been witnessed since July. The fall was seasonal, large payments being made for the autumn imports. By the end of October the price of gold in the local market reached Rs. 31-1 and that of the sovereign Rs. 19-11.

In the first fortnight of November, gold prices were more or less stable but during the succeeding four weeks, fluctuations in the cross rate were once again very erratic, causing sharp movements in the rupee price of gold. The fluctuations in the cross rate were the direct result of the progress or set-back of negotiations about the payment of war debts due to the U. S. A. due December 15.

The pound depreciated to $ 3.15\frac{1}{8}$ on November 29, the lowest level on record, and the price of gold advanced to Rs. 32-1-6 per tola and sovereigns to Rs. 20-1-6, the highest rates of the year. The local market now resumed trading for forward deliveries after an interval of nearly 11 months and this further augmented activity in the gold trade. A large turnover was reported both in ready and forward and arrivals from up-country increased on account of the record high prices obtainable.

The cross rate improved particularly after the British Government's decision to pay the war debt instalment in gold. As a consequence the price of gold fell sharply touching Rs. 30-3 on December 22. The rate for sovereign dropped to Rs. 18-15, but forward business in the coin was dwindling following the resumption of dealings in bar gold. During the last week of December, price fluctuations were narrow varying between Rs. 30-10 and Rs. 30-5, and closing at the latter figure.

Arrivals from up-country increased following a price rise in mid-November and the opening of the local bullion market for forward trading. Shipments during November and December were therefore large aggregating Rs. 16.85 crores.

Imports and exports of gold in fine ozs. since 1924-25.

	Imports. ozs.	Exports. ozs.	Net imports. ozs.	Net exports. ozs.
1924-25	12,024,013	58,792	11,965,221	....
1925–26	6,201,515	65,884	6,135,631	....
1926–27	3,403,006	17,477	3,385,529	....
1927–28	3,188,026	6,267	3,181,759	....
1928–29	3,788,585	3,411	3,785,174	....
1929–30	2,525,247	1,685	2,523,562	....
1930–31	2,329,626	86,973	2,242,653	....
1931–32	445,050	8,079,427	....	7,634,377
1932–33 (April to Decr.).	134,028	6,683,646	....	6,549,618
Total ..	34,039,096	15,003,562	33,219,529	14,183,995
Net imports (from 1924-25)		.. .. ..	19,035,534 ozs.	
Less : Sold to Mint about		Rs. 12 crores ..	2,000,000 ozs.	
Total Net imports		.. .. ..	17,035,534	

Silver.—The abandonment of the gold standard by various countries since 1931 has brought the question of the rehabilitation and revalorisation of silver to the forefront. The proposals and suggestions have, however, all been of an individual character and no joint efforts are being made to co-ordinate them. Hopes for silver are centred on th World Economic Conference in the belief that measures will be designed there to increase the use and value of the metal.

The Far Eastern countries which are the largest consumers of silver suffered the most through this further slump in world trade in 1932 and the purchasing power of their peoples was further reduced. The demand for silver in the countries of the Far East is dependent entirely upon the excess of exports over imports. Although no actual figures are available of China's external trade, reports and other scanty data available indicate that the favourable trade balance in that quarter is not significant. The slightest indication of any political trouble in China usually creates a good demand for silver, but the continued squabbles with Japan on the Manchurian question throughout the year created little or no activity in the Shanghai silver market. This alone should prove that China lacks the means to buy fresh silver. In India also the favourable merchandise balance of trade is reduced to something almost negligible and in fact if payments for invisible imports are taken into consideration, it may be assumed that the merchandise balance of trade was actually against India during 1932. Thus the two important silver consuming markets are debarred from buying fresh silver. In the past three or four years the sales of surplus demonetised silver by the Government of India have been pointed to as the main cause for the fall in the price of the metal, but during the current year, the Government of India sold only 26 million ounces and yet the fall in silver was not arrested. The gold price of silver fell from 28.7 cents. to 24¼ cents. in 1932, and in spite the depreciation in sterling by nearly 37 per cent. the price fell from 20-3/16*d.* to 16-3/8*d.* per standard ounce.

A further cause for the continued fall in the price of silver is its decreased employment in currency throughout the world. Unless greater use is made of silver for purposes of coinage and unless it is given equal status with gold as a reserve against notes in circulation, the future of silver is not at all bright. It is not suggested of course that the entire reserves of Central Banks against their note issues should be in silver, but a certain fixed percentage ought to be in the white metal. This would appear to be the most equitable method of raising the price of silver.

In India the demand for silver declined largely because of world conditions, although one or two local factors were also at work. The heavy import duty of Rs. 17-9-3 per 100 tolas which is nearly 50 per cent. on the present value of the metal, has also served as a great check to fresh purchases. There has been a perpetual fear that the duty may at any time be lowered or repealed, thus causing a proportionate depreciation in the value of fresh purchases. The total imports of silver bullion into British India during the calendar year amounted to 5.365 million ounces as compared with 70.466 million ozs. last year. Shrinkage in silver imports this year is taken as a sufficient justification for the public fears about the duty. If Government can add little or nothing to their revenues in spite of a 50 per cent. duty, there does indeed seem ample justification for considerably reducing the duty. Furthermore when the import duty was first levied in 1930,

it was pointed out by the Finance Member that it would provide the Government of India with a protected home market for the disposal of their surplus demonetised silver and although the duty has since been nearly doubled, Government have still not deemed it fit to sell the surplus metal at home, though nearly 68 million ounces have been disposed off in outside markets since 1930.

With imports of silver bullion of 5·365 million ozs. into British India during the year valued at Rs. 75·36 lacs and exports of about 7½ million ozs. valued at Rs. 88·17 lacs it was anomalous that stocks of Indian Mint silver were ever mounting in Bombay. The average supply on hand was at no time very much under about 10,000 bars. The large export of gold was expected to have relieved much of the distress among the agriculturists and reduced their need of selling silver ; in fact large blocks of rupee coin aggregating over Rs. 17 crores were withdrawn from the Treasury during the year. The large supply of Indian Mint silver perpetually available in Bombay could therefor hardly have come from distress sales. Smuggling on a large scale is obviously going on. Although the up-country offtake for trade dwindled in Bombay, it was being met—comparatively small though it was—from the same illicit source. Unless stricter vigilance is exercised by the authorities in preventing this illicit trade, the situation is a strong argument in favour of the abolition of duty.

The outstanding features of the local silver market throughout the year were firstly the discount on ready silver in terms of forward owing to heavy accummulation of stocks and the poor daily offtake and secondly the wide disparity between the local price and the rates in London and New York making imports from these quarters unremunerative. In fact about 7½ million ozs. were actually exported on private account during the year.

The undertone of the market was easy at the opening and within a month the price of ready in the local market fell by Rs. 5 per 100 tolas to Rs. 57-8. The Shanghai tael during the same period declined by 1¼*d.* to 1*s.* 10-7/16*d.* and the price of spot silver in London declined from 20-7/16*d.* to 18-15/16*d.* per standard ounce. During February, however, silver prices tended to be steadier following weakness in the sterling dollar cross rate and disturbed political conditions in China, but the volume of turnover was still restricted. The price of ready silver in our market advanced to Rs. 61 on February 24, the tael rose to 2*s.* 0-3/16*d.* and the London spot price to 19-15/16*d.* per standard ounce. The rise proved temporary and in early March prices reacted to the same closing rates as in January. Throughout March and during the first half of April silver prices continued to decline, ready in the local market falling to Rs. 53-7 per 100 tolas, the Shanghai tael to 1*s.* 7-11/16*d.* and the spot price in London to 16-5/8*d.* per ounce. At this stage the London-New York cross rate weakened and consequently the price of silver advanced in all markets. The price of ready in Bombay rose to Rs. 55-14 on April 27, the tael to 1*s.* 8-3/8*d.* and in London to 17-3/16*d.* for ready. The offtake in the local market at this time also improved and averaged about 60 bars a day as compared with 15 to 20 bars during the first quarter of the year.

From the latter part of April and upto the third week in June, silver prices moved narrowly in all markets. The offtake in Bombay again shrank to about 20 to 25 bars a day. The price of

ready fluctuated between Rs. 56-5 and Rs. 55-5 per 100 tolas; the Shanghai tael between 1*s.* 8¾*d.* and 1*s.* 7⅞*d.* and the London spot silver between 17-3/8*d.* and 16-5/8*d.* per ounce. The pound sterling which had remained fairly stable during this period, weakened during the latter half of June. This affected the price of silver adversely and ready in the local market dropped to Rs. 54-7 per 100 tolas at the end of the month. The Shanghai tael fell to 1*s.* 7-5/8*d.* and the price in London to 16-5/8*d.* The discount on ready silver in the local market which was negligible at the beginning of June increased to as much as 10 annas under forward at the end of the month. This was due to heaviness of stocks and the approach of the monsoon which causes slackness in the silver trade.

During July the tendency of the market was quietly steady, but in August there was some improvement. Further weakness in the pound was the cause of strength in silver. The price of ready in the local market improved to Rs. 57-8 by the end of the month. The quotation in London rose to 18-9/16*d.* and the Shanghai tael to 1*s.* 9-7/8*d.* The premium on one month forward now widened to Re. 1 per 100 tolas. The rise in the price encouraged larger arrivals from up-country to Bombay, raising the local stocks to over 10,000 bars with offtake still poor at about 20 bars a day.

Early in September, there was a slump in the price of raw cotton with a sympathetic fall in the price of silver which dropped to Rs. 55-10 on the 16th. The tael declined to 1*s.* 9-3/16*d.* and the price in London to 17-7/8d. During the rest of September, throughout October and upto the end of November, the silver market was dull and featureless. Even the weakness in the London-New York cross rate towards the latter part of November did little to infuse strength in silver. Trading was restricted and confined largely to carrying over operations.

Early in December, the local silver market weakened and large sales throughout the month were effected by weak holders and tired bulls. The approach of the time for presenting the General Budget in India revived the fear that the import duty on silver would probably be lowered and there were no buyers of ready silver except at a big discount. The price of ready dropped gradually from Rs. 55-7 to Rs. 48-14 on the 29th and at that, was about Rs. 5 per 100 tolas under the import parity. There were small fluctuations from this level during the rest of the month, the closing quotation being Rs. 49-6. The Shanghai tael during the same period fell by less than ¾*d.* to 1/7½*d.* and London silver from 17-1/16*d.* to 16-3/8*d.* So long as the uncertainty regarding the import duty on silver continues, free trading in the metal in the local market is unlikely. The volume of forward business was infinitesimal throughout the year.

Shares.—The Stock market was comparatively healthier during 1932 though trading during the earlier part of the year was somewhat disorganised owing to the political situation. There was a general recovery in rates, but investment was largely confined to shares in the miscellaneous section. The cotton mill group interested speculators as there were wide fluctuations in the shares following movements in the quotation for raw cotton. Cheap and abundant supply of

money together with the low yield available on fixed interest bearing securities largely accounted for the rise in the values of shares, as the actual returns of industry warranted little or no improvement. With present conditions continuing, it is generally believed that the investment demand for shares will increase and that prices will consequently tend to be higher.

Trading was hampered in the share market at the beginning of the year by the political situation and during January the market was open for business for but three or four days in order to effect settlements. Prices, however, hardened in sympathy with the general rise in commodity prices. Shares of important cotton mills advanced 30 to 40 points during the month ; Bombay Dyeing from Rs. 617-8 to Rs. 660 and Fazulbhoys from Rs. 275 to Rs. 295. There was a sympathetic rise in the miscellaneous group, particularly in electric shares, which gained 5 to 10 points each, Tata Hydros rising from Rs. 111-4 to Rs. 115; Tata Powers from Rs. 405 to Rs. 415 and Andhra Valleys from Rs. 645 to Rs. 660.

During February the forward market functioned more regularly, but the business transacted was largely of a professional character, genuine investors still keeping aloof. Prices advanced further in keeping with the improvement in raw commodity prices and with bear covering. Bank shares were very firm following the half-yearly dividend payments and their values advanced substantially. The Imperial Bank fully paid gained more than Rs. 150 to Rs. 1,020; the Bank of India shares rose from Rs. 72-8 to Rs. 90 and those of the Central Bank from Rs. 14-4 to Rs. 15.

During March, the market was again closed for all but six days. The fall in the price of raw cotton towards the end of the month caused an easier feeling in the mill shares which declined 15 to 30 points, Bombay Dyeings falling from Rs. 687-8 to Rs. 670 and Fazulbhoys from Rs. 330 to Rs. 300. The shares in the miscellaneous group receded in sympathy except electric shares which gained substantially in mid-month, but reacted slightly towards the end of the month. Tata Powers advanced from Rs. 432-8 to Rs. 470 and Andhra Valleys from Rs. 761-4 to Rs. 815, but closed at Rs. 447-8 and Rs. 797-8 respectively.

Weakness manifest towards the end of March persisted during the early part of April particularly in mill shares, following a further slump in commodity prices. During the rest of the month prices were well maintained at the lower levels. Business during April, however, unlike that in March, was more or less normal. Bombay Dyeings after declining from Rs. 670 to Rs. 633-12 on the 11th, ranged between Rs. 642-8 and Rs. 636-4 throughout the rest of the month. Similar movements characterised other issues. The miscellaneous section was steadier on the whole with restricted turnover. Tata Iron Ordys. improved from Rs. 21-6 to Rs. 24-4 on the 16th, but closed at Rs. 23-6. The electric shares all advanced, Tata Powers to Rs. 517-8 and Andhra Valleys to Rs. 822-8.

May and June were comparatively dull months on the Stock Exchange business being narrow and confined largely to carrying over from one settlement to another. Sales of local manufactured textiles dwindled owing to foreign competition, particularly that from Japan through the depreciation of the yen. Cotton mill shares all declined, Bombay Dyeings fell from Rs. 637-8

to Rs. 616/4 at the end of June. Similar conditions ruled in the miscellaneous section except for electric shares which gained substantially, but receded slightly towards the close. Tata Hydros advanced from Rs. 116/9 to Rs. 125/10 on May 27, but were quoted at Rs. 119/6 at the end of June. Tata Powers rose to Rs. 540 and Andhra Valleys to Rs. 882/8, but the former receded to Rs. 495 and the latter to Rs. 843/12. Bombay Trams gained from Rs. 108/2 to Rs. 118/2 on May 27, but receded almost to the opening level at the finish. Tata Iron Ordys. fell sharply from Rs. 23/6 to Rs. 16/14.

The market became steadier in July and continued firm with minor day to day fluctuations throughout August. The change was due to a rise in commodity prices, particularly for raw cotton, which rose to Rs. 268 per candy. Furthermore, commercial circles were confident that Government would impose an additional duty on imports of cotton textiles which seriously competed with Indian manufactures. At the end of July Government ordered the relevant emergency enquiry by the Tariff Board. Pending their report, the market was hesitant, but the undertone remained steady. More business was transacted during this period and some investment enquiry also became manifest. Bombay Dyeings advanced from Rs. 618/12 to Rs. 687-8 and Fazulbhoys from Rs. 232-8 to Rs. 290-0. Miscellaneous shares were likewise steady and electric shares rose further, Tata Hydros to Rs. 128-12, Tata Power to Rs. 641-4 and Andhra Valleys to Rs. 1,022-8. Bombay Trams, however, did not advance owing to the loss in traffic suffered by the company through the serious communal riots in the City. The consumption of power was also reduced owing to the curfew order. On these grounds the price of this share which had advanced to Rs. 113-12 receded and closed at Rs. 103-2.

Tata Iron Ordys. attracted investors and speculators at this juncture on reports of improved turnover and the price advanced from Rs. 16-14 to Rs. 24.

Bank shares improved substantially owing partly to the declaration of half-yearly dividends in July and partly to cheap money which was seeking investment giving a fixed return. Imperial Bank fully paid up rose from Rs. 1,002-8 to Rs. 1,160, the Bank of India to Rs. 90-4 and those of the Central Bank to Rs. 17-12.

Government announced on Aug. 30, their decision on the Tariff Board's recommendations for raising the import duty on cotton textiles in order to meet foreign competition effectively. The import duty on manufactures of non-British origin was raised to 50 per cent. with immediate effect from September 1. The specific duty of $3\frac{1}{2}$ annas per pound on grey goods was raised to $5\frac{1}{2}$ annas per pound, or 50 per cent. *ad valorem* whichever was higher, thus giving an additional protection of $18\frac{3}{4}$ per cent.

The extra duties announced caused a rise of 15 to 20 points in the value of cotton mill shares. The event unfortunately coincided with a period of weak raw cotton prices and the rise was checked. Miscellaneous shares rose sympathetically, with a speculative rise from Rs. 24-14 to Rs. 28 in Tata Ordys. which had by now become a favourite speculative counter. Towards

mid-September the price of raw cotton fell by about 50 points and cotton mill shares declined 20 to 30 points. Bombay Dyeings fell from Rs. 696-4 to Rs. 663-12 and Fazulbhoys from Rs. 301-4 to Rs. 263-12. Miscellaneous shares also declined, Tata Ordys. from Rs. 29 to Rs. 25-6, Tata Hydros. from Rs. 131-4 to Rs. 128-6 and Tata Power from Rs. 706-4 to Rs. 662-8.

During the rest of September and throughout October and November, the share market was fairly steady but business was largely confined to carrying over and professional jobbing in the mill group, while in the miscellaneous section, there were fresh investments as well as speculative transactions. Bombay Dyeings ranged between Rs. 670 and Rs. 658-12. The rise in Tata Iron Ordys. and the electric shares continued, the former rising steadily to Rs. 36 on November 25. Tata Iron & Steel 2nd Pref. which had hitherto been neglected even at the low price of Rs. 45 advanced to Rs. 63-12 on the expectation that they would receive dividend on publication of the company's report.

During the first half of December, the market was slightly easier with a small general fall in share prices. Towards the close, however, prices reacted through steadier cotton and a slight improvement in other commodity prices. Bombay Dyeings closed at Rs. 660 and Fazulbhoys at Rs. 250. Similar movements characterised the miscellaneous shares. The Bank shares closed firm, Imperial Bank fully paid up at Rs. 1,230, Bank of India at Rs. 95 and those of the Central Bank at Rs. 19-1.

Trade of Bombay.—The trade of Bombay suffered severely during the year and there was a large shrinkage in the volume of merchandise exports and imports through this Port. The total value of external trade entered at the Port of Bombay during the eleven months ending November 1932 amounted to Rs. 50.27 crores compared with Rs. 94 crores during the same period in 1931 and Rs. 124.19 crores in 1930. A large volume of gold exports was registered at the Port owing to the shipping facilities available, but quite a fair portion came from outside centres.

General trade has gradually been deflected from the Port of Bombay to Kathiawar Ports and other Ports owing partly to the fiscal policy of the Government of India in recent years and partly to the heavy Port Trust dues prevailing in Bombay. The Port authorities have therefore no other option left but to reduce establishment and other overhead charges in order to be able to compete with the newly created centres. Unless the Port of Bombay is able to recapture the lost trade in this way it may in course of time dwindle to a second grade one.

The finances of the Government of Bombay are still unsatisfactory and nothing but drastic retrenchment can balance their budget. There is no scope for new taxation and land revenue is likely to decrease owing to the continued fall in prices. It has been fully recognised that there is dire need to cut Government overhead charges and those of all important public bodies if the state of the City is to be saved from further deterioration.

The cotton mills—the main industry of the City—cannot be said to be in a good way despite heavy protective duties and large demand for indigenous (Swadeshi) products. Out of the 85 mills 11 are not working and only 11 paid a dividend during the year. The protection granted to this industry would appear to be out of all proportion to the general standard and the consumer is being unnecessarily penalised. There appears to be something intrinsically wrong with the present system of administration of the industry in Bombay, since cotton mills upcountry are doing well and earning substantial profits. New mills are being erected in Ahmedabad and other centres. Although the activities of the Congress are partly responsible for the depressed state of the industry in Bombay, the fault lies largely with the managing agency system. It has been suggested times out of number that unless the expensive managing agency system in Bombay is abolished, thereby reducing overhead charges, the fate of the industry is probably sealed.

Fortunately the industry in Bombay was free from labour troubles during 1932, but the serious riots which occurred in the City during May and August occasionally interrupted the working of the mills. The riots, however, dislocated the trade of the City as a whole and much business including that in gold bullion was diverted to other centres.

It is reported that the labour problem as such does not exist in Ahmedabad since the millowners there act as benefactors. They collect the subscriptions for the Labour Union from their employees and thereby do not allow a direct link to be formed between the Union and the labourers. Thus the Labour Union is at the mercy of mill agents for its funds, who control both the Union and the labour. In the case of weavers, there is neither a Labour Union nor a minimum wage rate.

The future of the City depends entirely upon a change in the above conditions.

Outlook for 1933.—Although the volume of trade in India saw a further contraction in 1932, the rupee commodity prices tended to improve. While the index number of all food commodities stood at 102 in October 1931, it was 113 in October 1932 and that of raw cotton rose from 82 in October 1931 to 142 in October 1932, based upon 100 for 1931. With prices having improved, what is now required is a demand for India's products.

The forthcoming World Economic Conference has been convened with a view to grapple with the problem of falling world trade and should means be devised at this Conference which will tend to increase world trade, India has certainly a bright future before her. The question of war debts has reached a stage where it conflicts with the recovery in world trade and with the solution of this problem in conformity with the existing world conditions, India will be among those nations that will benefit. Thus the outlook for 1933 may be considered to be more hopeful.

DIARY.

Money:—

January 2nd week	Currency expanded Rs. 6 crores.
„ 14th	Imperial Bank rate reduced from 8 to 7 per cent.
„ 3rd week	Currency expanded further Rs. 1½ crores.
February 25th	Imperial Bank rate reduced from 7 to 6 per cent.
April 28th	Imperial Bank rate reduced from 6 to 5 per cent.
July 7th	Imperial Bank rate reduced from 5 to 4 per cent.
July	Large funds repatriated to India from abroad through sale of Sterling securities.

Imperial Bank Statement:—

January 1st	Imperial Bank has an outstanding loan of Rs. 2½ crores from Paper Currency Reserve.
„ 2nd week	Imperial Bank repays Rs. 50 lacs against Inland bills.
„ 3rd week	Imperial Bank borrows Rs. 2½ crores against Inland bills.
„ 3rd week	Government borrows Rs. 2 crore for Ways and Means.
„ 19th	Bank borrows from Paper Currency Department Rs. 2½ crores against securities, a departure from usual practice.
February	Bank borrows Rs. 1 crore against Inland bills.
March 2nd week	Bank borrows Rs. 50 lacs against Inland bills.
April	Bank begins to repay loans borrowed against securities from the Paper Currency Department.
„ last week	Bank completely liquidates its borrowing from Paper Currency Department against Inland bills.
May	Cash balance begins to mount.
October 1st week	Cash balance falls by Rs. 654 lacs owing to redemption of outstanding 6 per cent. 1932 Bonds.
November—December ..	Cash balance declines steadily throughout.

Government balances :—

January 1st week	Government repaid Rs. 3½ crores outstanding against Ways and Means advances at the end of 1931.
	Government reborrowed Rs. 1 crore for Ways and Means.
„ 2nd week	Government borrowed Rs. 2 crores further for Ways and Means.
„ 3rd week	Government borrowed Rs. 2½ crores further for Ways and Means.
„ 4th week	Government repaid Rs. 1 crore against Ways and Means advances.
February 1st week	Government borrowed further Rs. 4½ crores for Ways and Means advances.
„ 2nd & 3rd weeks..	Government borrowed further Rs. 4 crores for Ways and Means advances.
„ 4th week	Government repaid Rs. 2 crores against Ways and Means, leaving a balance of Rs. 11 crores.
March 1st week	Government borrowed again Rs. 2½ crores for Ways and Means advances.
„ 2nd & 3rd weeks ..	Government repaid Rs. 2 crores against Ways and Means advances.
April	Government deposits showed a distinct improvement.
„	Government repaid Rs. 10 crores during the month, leaving a balance of Rs. 1½ crores against Ways and Means advances.
May 1st week	Government borrowed again Rs. 1 crore for Ways and Means.
„ 2nd week	Government completely liquidated its borrowings against Ways and Means advances by repaying Rs. 2½ crores.
„ 3rd week	Government borrowed Rs. 2 crores again but repaid Rs. 1 crore in the last week.
June 1st week	Government repaid the balance as 1 crore.
July	Government balances mount up.
August	Government balances declined owing to excess of Treasury bill maturities over renewal.
Septr. & 1st half of October.	Government balances continued to fall and they borrowed Rs. 5¼ crores for Ways and Means advances.
October 2nd Half	Government deposits showed an improvement and they repaid the entire amount of Rs. 5¼ crores outstanding against Ways and Means advances.
November	Government borrowed Rs. 2 crores for Ways and Means.
December 1st week	Government borrowed further Rs. 2½ crores for Ways and Means.
„ 2nd week	Government repaid Rs. 1½ crores, the outstanding balance at the end of the year being Rs. 3 crores.

Currency Returns :—

January	Silver rupee coins withdrawn from treasury in large scale.
„ 2nd week	Currency was inflated Rs. 6 crores; Rs. 5 crores against *ad hocs* and Rs. 1 crore against Inland bills.
January 2nd half	Inland bills of exchange were increased by Rs. 1 crore.
February 1st and 2nd week...	Currency expanded Rs. 549·74 lacs against *ad hocs* and securities.
„ 2nd half	Note circulation declined owing to withdrawal of silver coins and fall of Rs. 50 lacs in inland bills.
March 1st half	Inland bills increased Rs. 1 crore to Rs. 4 crores and *ad hocs* and securities Rs. 135 lacs to Rs. 60·76 crores.
„ 2nd half	Note circulation declined by 234 lacs to 178 crores, *ad hoc* securities by 283 lacs to 57·93 crores. Silver coin and bullion increased by 60 lacs for the first time after several months of continuous fall.
April	Notes in circulation declined 10·83 crores; *ad hoc* securities fell 5·66 crores and outstanding 3¾ crores inland bills were completely wiped out.
May 1st week..	Rs. 5 crores gold transferred from G. S. R. to P. C. R. in India and rupee securities cancelled for equivalent amount.
June	Rs. 173 lacs silver coins returned to the treasury and note circulation increased 258 lacs.
July-August	Rs. 269 lacs further rupee coins returned to the treasury.
November	Rs. 59·76 lacs worth of silver shipped by Government to London.
December 2nd week	Government transferred 679 lacs worth of gold from G.S.R. to P. C. R. in India. *Ad hoc* securities cancelled by corresponding amount.

Treasury Bills :—

January	Tenders for Rs. 2 crores for 3 and 6 months bills were invited from the beginning of the year and intermediates were also available.
February 10th	Government rejected all tenders for 6 months treasury bills.
„ 23rd	Government rejected all tenders for 3 months treasury bills and yield lowered.
March 1st	Sale of six months bills suspended.
May 31st	Sale of three months intermediate bills discontinued.
July 5th	Sale of 6 months bills re-introduced, and was considered timely—no intermediate bills were offered.
„ 13th	Six months intermediate bills offered.

August 2nd	Sale of all treasury bills temporarily suspended.
„ 30th	Sale of six months bills resumed. 6 per cent. 1932 outstanding bonds accepted as equivalent of cash.
„ 31st	Intermediate six months bills offered but Government reserved the right to suspend their sale without notice which right was exercised the same day.
September 20th	Sale of four months bills introduced and that of six months bills, both by tender and by intermediates suspended from next week.
October 11th	Sale of three months bills resumed and that of four months discontinued.
„ „	Intermediate three months bills offered.
„ 25th	Sale of intermediate three months bills suspended.
November 23rd	Sale of three months intermediates introduced.

Government Securities :—

January 15th	Government repaid £ 15 million outstanding 5½ per cent. India sterling loan which reacted favourably on security values.
April 25th	5 per cent. India sterling loan issued in London at £ 95 per cent. for £ 10 million repayable 1942-47.
June 1st	New Rupee loan issued, 5½ per cent. taxable due 1938-40. The issue price was Rs. 98 per cent.
„ 15th	Government repays £ 6 million maturing 6 per cent. 1932-33 India sterling loan.
„ 20th	Forward trading resumed in securities *i.e.* 3½ per cent. Paper and 5 per cent. 1945-55.
July 1st	Conversion scheme of the outstanding 5 per cent. 1929-47 British War Loan amounting to over £ 2000 million was announced in London. The new loan carried 3½ per cent. interest and is repayable not earlier than 1952.
August 10th	Second rupee loan issued for Rs. 25 crores at 5 per cent. repayable 1940-43. The loan was taxable and the issue price was fixed at 98 per cent.
„ 17th	The above loan was oversubscribed.
October 2nd week	British Government issued a second conversion loan. Treasury bonds bearing 2 per cent. interest maturing 1935-38 for £ 150 million were issued and oversubscribed.
November 1st	British Government issued a third loan for £ 300 million at 3 per cent. issue price being 97½ per cent. with redemption at par in 1948-53. This loan was fully subscribed.

MONEY.

Money Market opens firm.

The money market opened firm over the turn of the year with call loans as high as 8 per cent. though the rate relapsed to 5 per cent. during the early part of the first week, improving subsequently to 6 per cent. The Imperial Bank of India's rate was reduced from 8 to 7 per cent. on the 14th, an unusual occurrence at that time of the year, particularly as the cash balance of the Bank and the percentage of cash to liabilities stood at low levels. Although, treasury bill maturities were in excess of fresh purchases by the market, the reduction did not, however, ease money rates since the movement of crops up-country had already started and the financing of gold exports gave employment to large sums. Indeed Government had to expand currency by some Rs. 6 crores during the first half of January in order to meet the excess of treasury bill maturities over renewals as well as the seasonal demand for funds. During the latter half of the month, the rate for day-to-day loans varied between 6 and 6½ per cent. and Government had to expand currency by approximately another Rs. 1½ crores and had it not been that there was a large decrease during this period in silver coin and bullion held in the Paper Currency Reserve, which led to automatic cancellation of notes to the same extent, the amount of notes in circulation would have stood much higher.

Bank rate reduced.

Money continues steady.

Currency expanded.

Quieter tone in Money Market.

Early in February the money market was quieter through large funds placed on the market on account of sales of sterling to Government and through Treasury renewals being largely offset by maturities. Call loan rates ranged between 4 and 5 per cent. almost up to the end of the month. The Imperial Bank rate was further reduced from 7 to 6 per cent. on February 25, without much effect on market rates, particularly those for short-term money.

Bank rate reduced further.

Call money available at low rates.

Except for short periods of steadiness occasioned by large purchases of treasury bills through the fear of a further reduction in the Bank rate with the consequent lowering of the yield on such bills, call rate throughout March was quoted between 4½ and 5 per cent. The tone was particularly strong owing to frequent reductions in the Bank of England rate from 6 per cent. to the low level of 3½ per cent. on March 17, which gave rise to the belief that the Bank rate in India would be reduced to narrow the disparity between it and the Bank of England rate.

Fall in trade demand.

The trade demand during the month of March recorded a decline of about Rs. 130 lacs.

During the first week of April there was slight stringency in the money market with the call rate at 6 per cent. owing to the withdrawals of large sums from the market by public bodies at the close of the fiscal year; furthermore, sales of sterling to Government were much smaller and the extra supply of funds from this source was curtailed. Treasury bill renewals, on the other hand, were somewhat in excess of maturities. In the succeeding weeks of April, however, money rates were easier except on days coinciding with payments for accepted treasury bill tenders, when there was a slight spurt in the quotations; call funds during this period ranged between 3½ and 4½ per cent. The third reduction of the year in the Bank rate from 6 to 5 per cent. was made on April 28. There was no particular change, however, in the quotation for short-term loans which remained round 4 per cent. almost throughout May, with a rise or fall of half per cent. from this level during the period. But trade demand was now declining and gold exports which had hitherto given occupation to the major portion of floating supplies, shrank. Consequently during the first half of June the money position was easier and there was an abundance of short funds; the trade demand fell by about Rs. 75 lacs during the first half of June, and call loans were placed at 3 per cent. Similar conditions prevailed in the money market during the latter part of June and funds were continually returning from up-country to trade centres. Call loans were quoted at 3 per cent. and even the cash subscription of Rs. 13.70 crores to the New Rupee loan during this period gave no strength to the money market. The decrease during the half year in the amount of outstanding treasury bills from Rs. 59.93 crores to Rs. 47.04 crores partly explained the situation.

Money rates become slightly stringent.

Easy tendency sets in again.

Bank rate reduced further.

Trade demand declines.

At the turn of the half year, there was the usual one day stringency in the rate for call loans which rose to 4½ per cent. but fell back to 3—3½ per cent. the following day. The Imperial Bank rate of interest was reduced from 5 to 4 per cent. on July 7, following reductions in the discount rates of the Federal Reserve Bank of New York and of the Bank of England to 2½ per cent. and 2 per cent. respectively in the previous week. The bank rates in most of the important countries stood at low record levels, for the rate of 4 per cent. in India being last recorded in July 1927.

One day stringency in money.

Bank rate reduced to 4 per cent.

During the remainder of July money continued easy and the rate for day-to-day loans declined gradually from 2 to 1½ per cent. at the end of the month. There was an unprecedented rise in the price of India Sterling Stocks in London beginning in early July owing to cheap money in that centre. Induced by high prices and the prevailing disparity between rates of similar stocks of the Government of India in London and in the Indian markets, Indian investors unloaded a good portion of their sterling holdings and funds thus released were repatriated to India. These were partly invested in Rupee securities and partly left to supply the short term market. This additional source of supply together with

Money continues easy.

Large repatriation of funds from abroad.

the large excess of treasury bill maturities over renewals during July coupled with the usual return of funds from the interior accounted for the easy money situation.

Sale of Treasury bills suspended. In the first week of August Government suspended the sale of treasury bills, thus withdrawing the only source of short term investment available to the market. Maturities were, however, quite large amounting to Rs. 20.37 crores during the month while Government invited weekly tenders for the purchase of £500,000 sterling from the 10th.

Government invites tenders for sterling.

Simultaneously with the suspension of the sale of treasury bills, Government announced the flotation of a second Rupee Loan for Rs. 25 crores bearing interest at 5 per cent. repayable at option in 1940/43. Subscriptions were invited in the form of cash, also 5 per cent. 1933 loan or 6 per cent. 1933-36 bonds. The large applications received in cash caused a temporary tightness in money rates. Banks had recourse to the Imperial Bank and even call funds were in demand at Bank rate for a day or two, when they fell back to 2 to 2½ per cent. Cash subscribers to the new loan, the subscription list for which was closed within a few hours after the opening, received only a partial allotment. Funds thus released together with heavy treasury bill maturities and continued sales of sterling to Government kept money rates depressed throughout the latter part of August.

Second Rupee Loan issued.

Money rates tighten temporarily.

Loan oversubscribed immediately.

The sale of treasury bills, of six months usance this time, was announced on August 27. Tenders for Rs. 2 crores were invited on August 30 and outstanding 6 per cent. 1932 bonds were also received in lieu of cash at a small premium. The market, however, had an abundant supply of cash and money rates were unaffected by this issue. Commodity prices were declining and trade was persistently falling. Government bought large amounts of sterling every week and treasury bill maturities outstripped renewals. All these factors combined made for easy money conditions which lasted throughout the rest of the year.

Treasury bills re-introduced.

Plethora of short funds.

Government buys large amounts of sterling.

Call money rates during September ranged between 1 to 1½ per cent. while in the first week of October day-to-day loans were unlendable even at ½ per cent. The market received about Rs. 5 crores on the first of October through the redemption by Government of the unconverted portion of 6 per cent. 1932 bonds. The call rate was unchanged at about ½ per cent. up to the third week in October when it became slightly steadier ; the increased export of gold, the movement—though small—of cotton from upcountry centres to ports and the near approach of the busy season accounted for this small improvement. Towards the end of October the rate for call loans advanced to 2 per cent. and remained there for about a fortnight. But very large purchases of sterling by Government and the comparatively small amount of treasury bill renewals caused a decline in the call loan rate from 2 per cent. to 1¼ per cent.,

Money a drug on the market.

Call rate improves slightly.

the decline lasting till almost the beginning of December. The movement of crops was also retarded owing to a further fall in commodity prices ; the trade demand during November showing in fact a small fall of Rs. 30 lacs.

Slightly steadier feeling prevails.

During the first half of December money continued cheap and call funds were freely available at about 1 per cent. During the latter part of the month, however, there was a steadier feeling in the market owing probably to larger arrivals of gold from upcountry centres and to the squaring of accounts prior to the approach of the year end. The rate for day to day loans was quoted between 1½ to 2 per cent. till almost the end of the year, but on the closing day it advanced as usual to 2½ per cent. The movement of cotton from upcountry to trade centres showed some improvement and the trade demand as per the Bank's statements increased by Rs. 148 lacs during the last week.

IMPERIAL BANK STATEMENT.

Cash balance of the Imperial Bank.—The cash balance of the Imperial Bank changed according to the Ways and Means position of the Government of India as that affected their balances with the institution. The cash balance on January 1, 1932, stood at Rs. 11.05 crores, showing an increase of Rs. 300.64 lacs over the previous week and was almost identical to what it was at the corresponding period of the previous year which amounted to Rs. 11.92 crores. The percentage of cash to liabilities stood at 14.26. In addition, however, the Bank had an outstanding advance of Rs. 2½ crores from the Paper Currency Department against Inland bills. In the following week the balance dropped by Rs. 214.81 lacs to Rs. 8.90 crores ; this largely represented the fall in Government deposits due to the excess of treasury bill maturities over renewals. At the same time, the Imperial Bank repaid Rs. 50 lacs against Inland bills discounted. Although in mid-month treasury bill maturities exceeded renewals by nearly Rs. 4 crores, the cash balance showed a small increase to Rs. 9.54 crores since the Bank borrowed Rs. 50 lacs from the Paper Currency Department against securities and Government borrowed Rs. 2 crores from the Bank for Ways and Means advances which already stood at Rs. 1 crore.

Cash balance declines at the opening.

Further drop in cash balance.

Imperial Bank repays against Inland Bills.

Bank borrows from P. C. Dept.

It was a departure from the usual practice for the Paper Currency Department to advance to the Bank against Government securities. Hitherto such advances were made against eligible trade bills only. On the 19th Government notified that Rs. 2½ crores had been lent to the Imperial Bank of India against rupee securities, as the portfolio of eligible trade bills with the Bank was inadequate. The bill market in India is still very restricted and trade bills in the sense understood in well-known financial centres are not freely available in this country. It was, however, made clear in the notification that such loans were in the shape of call loans and the Bank had the option of repaying them at any time. The limit of such emergency borrowing was kept unchanged

Imperial Bank borrows again from P. C. Dept. against securities.

at Rs. 12 crores. Even in pre-war days it may be noted the Presidency Banks occasionally borrowed funds from Government against the same class of securities to meet the seasonal requirements of trade. The loan was made to meet the Bank's requirements and was thus quite distinct from the expansion of currency by Government to meet their own requirements.

Little variation in Bank's Cash Balance.

In the last two weeks in January and throughout February and March the cash balance showed little change from round Rs. 9 crores, ranging between Rs. 8½ and Rs. 9¾ crores. During the same period the Bank borrowed a further Rs. 1½ crores against Inland bills, Rs. 1 crore in February and Rs. 50 lacs in the second week of March. The Bank repaid, however, Rs. 25 lacs during the last week of March and the total outstanding at the end of the first quarter amounted to Rs. 3.75 crores. The percentage of cash to liabilities ranged between 11.36 and 13.40.

Cash balance increases.

In the first week of April the cash balance increased by the large sum of Rs. 222.62 lacs to Rs. 11.95 crores ; the percentage of cash to liabilities rose by 2.24 per cent. to 15.52 per cent. It was thus after a lapse of nearly four months that the cash balance increased from round Rs. 9 crores. In addition, the securities portfolio of the Bank showed an increase of Rs. 132.57 lacs corresponding to the fall in the securities held in the Paper Currency Reserve. It was clear from this movement that the Bank was gradually paying off loans borrowed against securities from the Currency Department. In the following week, however, the cash balance fell back almost to the previous week's level, namely Rs. 8.76 crores, but advances against securities and Inland bills showed a continual fall.

Bank repays Loans borrowed against securities from P.C. Department.

Bank repays outstanding advances against Inland bills from P. C. dept.

The securities portfolio increased further by Rs. 183.63 lacs representing a corresponding decline in loans from the Paper Currency Department. In the last two weeks, the Bank repaid Rs. 3½ crores thus completely liquidating its borrowings against Inland bills. In spite of the above-mentioned payments, the cash balance increased to Rs. 10.75 crores by the end of April and the percentage of cash to liabilities stood at 15.24.

Cash balance rises.

During May there was a further rise in the cash balance to Rs. 13.58 crores and the percentage of cash to liabilities increased to 19.39. While there was little change in the cash balance in the first week of June, there was a substantial rise in the following weeks and the balance mounted to Rs. 21.67 crores at the end of the half year. The percentage of cash to liabilities rose to 26.37 ; the cash subscription of Rs. 13.70 crores to the New Rupee Loan of the Government of India and the continued return of funds from the interior accounted for this increase. During July there was yet a further increase in the balance which reached Rs. 29.67 crores with the percentage of cash to liabilities at 35.45. Government, however, suspended temporarily the purchase of treasury bills from the first week of August so as to facilitate the issue of a second Rupee loan. Thus, while there were no renewals, maturities of treasury bills were large resulting into a shrinkage in Government deposits with a corresponding fall in the

Large cash subscription to the Rupee Loan.

cash balance which declined to Rs. 26.03 crores in the first week of August; the percentage of cash to liabilities fell to 32.97. In the following three weeks in August, the cash balance increased gradually and stood at Rs. 28.95 crores on the 26th. The percentage of cash to liabilities moved up to 35.81 once again.

Big fall in the cash balance.

Early in September, however, there was a fall in the cash balance to Rs. 24.26 crores owing probably to beginning of month requirements and large purchases of sterling by Government, but during the latter part of the month the balance improved to Rs. 28.97 crores owing to the excess of treasury bill renewals over maturities. In the first week of October, however, the balance fell by as much as Rs. 654.58 lacs to Rs. 22.42 crores due to redemption by Government of the outstanding 6 per cent. 1932 bonds estimated to amount to about Rs. 5 crores. The percentage of cash to liabilities fell by 6.37 per cent. to 29.47. Treasury bill maturities during the last three weeks in October were negligible amounting to Rs. 65.25 lacs, while renewals slightly exceeded Rs. 7¼ crores, thus causing the cash balance at the Bank to increase to Rs. 27.01 crores by the end of the month. The cash percentage improved from 29.47 to 35.64.

Cash balance declines during November and December.

Throughout November and December the cash balance of the Bank declined steadily. During the two months there was a fall of over Rs. 6 crores, the closing balance at the end of the year being Rs. 20.95 crores, compared with Rs. 11.05 crores at the end of 1931. The percentage of cash to liabilities declined from 35.64 to 27.18. Although there were no treasury bill maturities during this period and, on the contrary, Government bought Rs. 13.45 crores worth of bills, the balance shrank owing to large purchases of sterling by Government amounting to about £ 15 million.

GOVERNMENT DEPOSITS.

Government repays advances against Ways and Means.

Government balances with the Imperial Bank of India were Rs. 8.32 crores at the beginning of the year. At that time Government had repaid Rs. 3½ crores borrowed from the Bank for Ways and Means advances which were outstanding at the end of 1931. Balances throughout the year were affected by Government operations in treasury bills and by the changes in the temporary advances received from time to time from the Bank for Ways and Means.

Government reborrows for Ways and Means.

In the first week of the year Government's balance at the Bank decreased by Rs. 139.04 lacs to Rs. 6.92 crores and in addition Rs. 1 crore was borrowed for Ways and Means. In the following week a further Rs. 2 crores were borrowed for Ways and Means, despite which Government's balance increased by only Rs. 62.10 lacs to Rs. 7.55 crores; the large excess of about Rs. 4 crores of treasury bill maturities over renewals during this period accounted for this difference. In the third week, Government borrowed another Rs. 2½ crores but repaid Rs 1 crore in the following week, thus leaving a balance of Rs. 4½ crores at the end of January. Their deposits with the Bank after paying for the excess of treasury bill maturities over renewals stood at Rs. 7.11 crores on January 29.

In the first week of February Government borrowed Rs. 4½ crores more from the Bank for Ways and Means, but their deposits showed hardly any change, the amount having been used up for meeting beginning of month requirement. as well as the excess of treasury bill maturities. Another Rs. 4 crores were borrrowed by Government for Ways and Means in the following two weeks, but their deposits increased only to Rs. 8.66 crores. In the last week, however, Government repaid Rs. 2 crores, reducing outstanding advances to Rs. 11 crores, but their balance with the Bank was still small at Rs. 8 crores on the 26th. In the first week of March Government again borrowed Rs. 2½ crores to meet beginning of month requirements and also to pay for large sterling purchases in India. Their balances were almost unchanged at about Rs. 7¼ crores in the following two weeks, but they repaid Rs. 2 crores of Ways and Means advances, thus reducing the outstanding balance to Rs. 11½ crores at the end of the first quarter.

Government borrows further for Ways and Means.

From the opening of April, Government deposits began to show a distinct improvement owing probably to the excess of renewals of treasury bills over maturities. Furthermore , Government bought very little sterling during April. After repaying Rs. 10 crores against Ways and Means advances during April their deposits at the Bank stood at Rs. 8.20 crores on the 29th.

Government deposits show a distinct improvement.

In the first week of May, Government again borrowed Rs. 1 crore for Ways and Means advances, raising the total to Rs. 2½ crores which was entirely liquidated in the following week. Their balances at the Bank accordingly showed a reduction of Rs. 202.40 lacs to Rs. 6.18 crores. In the third week, Government again borrowed Rs. 2 crores but repaid Rs. 1 crore in the succeeding week and their deposits at the end of May stood at Rs. 7.70 crores.

Government completely liquidates its borrowing against Ways and and Means.

In the first week of June Government temporarily suspended the sale of intermediate treasury bills in order to facilitate flotation of the New Rupee Loan. Thus while Government had to pay for maturing treasury bills, the renewals were comparatively small; consequently their balances declined by Rs. 189.43 lacs to Rs. 5.80 crores. The decline also represented the repayment by Government to the Bank of the outstanding balance Rs. 1 crore against Ways and Means. The subscriptions in cash to the New Rupee Loan, however, began to swell Government balances and after meeting the excess of treasury bill maturities over renewals, Government deposits with the Imperial Bank stood at Rs. 18.99 crores on July 1. Government were continually reducing the yield on treasury bills thus causing temporarily a considerable excess of maturities over renewals and accordingly their balances declined by Rs. 371.54 lacs to Rs. 15.28 crores during the first two weeks of July. During the latter half, however, the deposits increased again and stood at Rs. 20.08 crores on July 29.

New Rupee Loan issued.

Government balances swell.

On August 3, Government completely suspended the sale of treasury bills in order to smooth the way for the issue of a contemplated second Rupee loan. As a result, and through beginning of month requirements, Government deposits at the Bank fell by Rs. 454.30 lacs to Rs. 15.54 crores during the first week.

Second Rupee Loan.

In the following week, there was a further shrinkage of Rs. 98.66 lacs to Rs. 14.55 crores, but subscriptions to the second rupee loan raised their balances to Rs. 16.73 crores after meeting large treasury maturities and payment for sterling purchases. During the last two weeks in August, Government deposits fell considerably and stood at Rs. 11.80 crores on September 2; on the previous day Government paid over a crore on 5 per cent. 1933 loan by way of interest.

Government deposits fall.

During September and October, treasury maturities were comparatively small, while there were none in November. On the other hand, Government received almost Rs. 2 crores a week from the time the sale of treasury bills was resumed on August 30 until November 1 when the amount of weekly tenders was reduced to Rs. 1½ crores and in the following week to Rs. 1 crore. But Government bought considerable amounts of sterling remittances, thus largely offsetting the excess of treasury bill renewals over maturities. Furthermore, Government redeemed the unconverted portion of 6 per cent. 1932 bonds estimated at about Rs. 5 crores on October 1, which reduced their deposits with the Bank to Rs. 6.02 crores on October 7. Government had, in addition, to borrow for Ways and Means advances Rs. 375 lacs in the first week and Rs. 150 lacs in the second week. Government's deposits, however, began to improve at this stage and they repaid the entire amount of Rs. 525 lacs borrowed against Ways and Means in the latter half of October. Despite this payment their balances stood practically unchanged at Rs. 6.54 crores. During November Government deposits showed little variation from week to week and at the end of the month amounted to Rs. 6.27 crores.

Fall in Government deposits continues.

Government redeems unconverted portion of 1932 Bonds.

Government deposits show an improvement.

During November and December, Government bought large amounts of sterling from the market and consequently their balance at the bank shrank. They borrowed once again from the Bank for Ways and Means to the extent of Rs. 4½ crores, Rs. 2 crores in the 3rd week of November; Rs. 1 crore in the last week of November; and Rs. 1½ crores in the first week of December, but Government repaid Rs. 1 crore in the second week of December. The balance at the end of the year stood at Rs. 6.99 crores including Rs. 3 crores borrowed from the Bank for Ways and Means advances.

Balances shrink and Government borrows against Ways and Means.

CURRENCY RETURNS.

In the opening week of the year, notes in circulation fell by Rs. 165.91 lacs to Rs. 177.64 crores largely owing to the withdrawal of silver coin and bullion aggregating Rs. 156.39 lacs. The decrease of Rs. 1 crore in Internal Bills of Exchange was offset by an almost corresponding increase in securities, which rose by Rs. 90.48 lacs to Rs. 50.15 crores. The metallic reserve ratio to circulation receded from 71.13 to 70.92.

Note circulation declines owing to withdrawal of silver coins from Treasury.

In the following week there was a large increase of Rs. 348.66 lacs in note circulation to Rs. 181.13 crores despite a reduction of Rs. 209.36 lacs in holdings of silver coin and bullion which fell to Rs. 119.32 crores. The increase was effected against securities and Inland bills of exchange which rose by Rs. 437.68 lacs and by Rs. 1 crore to Rs. 54.53 crores and Rs. 2½ crores respectively. Gold bullion also showed a slight improvement of Rs. 20.34 lacs to Rs. 4.76 crores but the metallic reserve ratio to circulation declined from 70.92 to 67.34.

Currency inflated against *Ad Hocs* and Inland Bills.

Silver coin and bullion decreased further by Rs. 349.57 lacs in the last two weeks of January, but the notes in circulation declined by only 197 lacs. The difference was accounted for by an increase of Rs. 1 crore in the holding of Internal bills of exchange and of Rs. 47 lacs in Rupee securities. The metallic reserve ratio to circulation at the end of January stood at 68.31.

Silver coins in reserve show a further fall and notes decline.

The withdrawal of rupee coins from the Paper Currency Reserve since the rupee was linked to sterling had been phenomenal. The total of such withdrawals since the movement started in September 1931 aggregated Rs. 17.80 crores up to the end of January. The improvement in internal commodity prices and the release of funds through the large export of gold following the abandonment of the Gold Standard by Great Britain mainly accounted for this situation. Currency reserves which were hitherto being continually flooded with the return of rupee coins were relieved of the pressure and Government finances were more advantageously placed. While the sale of redundant rupee coins realised only the bullion value which stood at about 20*d* per ounce, the full token value was realised for rupees withdrawn for circulation.

Total withdrawal of Rupee coins since September 1931.

A large expansion of currency against rupee securities which increased by Rs. 549.74 lacs to Rs. 60.49 crores occurred in the first two weeks of February. But the notes in circulation rose by only Rs. 279.14 lacs to Rs. 181.95 crores, as there was a further shrinkage in silver coin and bullion of Rs. 270.59 lacs to Rs. 113.12 crores. The metallic reserve ratio to circulation declined from 67.34 to 64.82. The increase in notes in circulation during the first half of February was largely wiped out during the latter half, the fall during this period amounting to Rs. 241.26 lacs leaving the note circulation standing at Rs. 179.53 crores. Silver coin and bullion fell by Rs. 92.42 lacs and securities by Rs. 108 lacs. Internal bills of exchange declined by Rs. 50 lacs to Rs. 3 crores while gold bullion showed a slight increase of Rs. 9.06 lacs to Rs. 4.91 crores. There was little variation in the metallic reserve ratio to note circulation.

Further expansion of currency.

Note circulation declines.

In the first half of March, there was an increase in the note circulation of Rs. 94.29 lacs to Rs. 180.48 crores against securities and Inland bills which advanced by Rs. 135.06 lacs to Rs. 60.76 crores and by Rs. 1 crore to Rs. 4 crores respectively. Silver coin and bullion on the other hand showed a further fall of Rs. 160.09 lacs to Rs. 110.59 crores. Gold bullion improved by Rs. 19.32 lacs to Rs. 5.11 crores while the metallic reserve ratio to note circulation declined to 64.11. During the latter half of March there was a big drop of Rs. 234.51 lacs in notes in circulation to Rs. 178.13 crores. This was effected largely against

Notes increase.

Big drop in notes in circulation.

rupee securities which fell from Rs. 60.76 crores to Rs. 57.93 crores and Internal bills of exchange which also declined by Rs. 25 lacs to Rs. 3.75 crores. For the first time in several months, silver coin and bullion also showed an increase of Rs. 60 lacs to Rs. 111.18 crores. Gold bullion improved slightly again to Rs. 5.26 crores and the metallic reserve ratio to circulation stood at 65.37.

Silver coin shows an increase.

During April there was a considerable contraction in note circulation against rupee securities and internal bills of exchange. While the former declined by Rs. 10.83 crores to Rs. 168.30 crores, the securities showed a fall of Rs. 5.66 crores to Rs. 52.27 crores and the outstanding Rs. 3.75 crores of internal bills of exchange were completely liquidated by the Imperial Bank. The fall in securities corresponded with the increase in the security portfolio of the Imperial Bank from which it was evident that the Bank was repaying the loans from the Currency Department borrowed against rupee securities. Silver coin and bullion showed little change during this month and amounted to Rs. 110.50 crores on April 30. Gold bullion advanced to Rs. 5.52 crores and the metallic reserve ratio to circulation improved to 68.94.

Large contraction in note circulation.

Some important changes occurred in the Paper Currency Reserves in the first week of May. Gold for Rs. 5 crores was transferred from the Gold Standard Reserve to Paper Currency Reserve in India and the total amount of gold in the latter increased to Rs. 10.61 crores; large transfers of gold aggregating over £14 million from Paper Currency Reserve were necessitated in the previous year in order to meet the sales of sterling made by Government to the public. No expansion of currency was effected against the transfer of gold in May but securities in India were written down by Rs. 497.59 lacs to Rs. 47.29 crores. Notes in circulation declined by Rs. 47.55 lacs to Rs. 167.83 crores owing to the withdrawal of silver coin and bullion to the extent of Rs. 59 lacs. The percentage of metallic reserve to notes in circulation improved to 71.81 as a consequence. No changes of any importance were effected either in the note circulation or in the composition of reserves during the remaining weeks in May. The notes in circulation increased by only Rs. 63 lacs to Rs. 168.46 crores with an almost corresponding rise in silver coin and bullion which improved by Rs. 57 lacs to Rs. 110.48 crores. Rupee securities and gold bullion and the percentage of metallic reserve showed hardly any change.

Important changes occur in the composition of Reserves.

Silver coins which had shown a tendency to flow in from the interior since May, began to return in large volume, and during the month of June silver coin and bullion held in the reserve increased by Rs. 144 lacs. Securities also increased from Rs. 47.25 crores to Rs. 48.18 crores and there was a rise in notes in circulation from Rs. 168.27 to Rs. 170.85 crores. The metallic reserve ratio to circulation was but little altered at 71.93.

Return of silver coin to Treasury.

During July and August there was a continuous return of rupee coins from the interior into the Treasury causing an almost corresponding rise in notes in circulation. Otherwise the weekly currency returns issued by the Government showed no changes of importance. Silver coin and bullion in reserve increased during

Further influx of Rupee coin into Treasury.

the two months by Rs. 310 lacs to Rs. 115.02 crores, while notes in circulation rose from Rs. 170.85 crores to Rs. 175.58 crores. Securities advanced from Rs. 48.18 to Rs. 49.45 crores and gold bullion showed an improvement of Rs. 34 lacs to Rs. 11.11 crores. The metallic reserve ratio to circulation was practically unchanged at 71.83.

Note circulation declines slightly.

It was not until the first week of September since the beginning of July, that notes in circulation as well as rupee coin in reserve showed a slight decrease. The former declined by Rs. 37.88 lacs and the latter by Rs. 74.97 lacs, but silver bullion at the same time increased by Rs. 39.34 lacs. Gold bullion and securities were practically unchanged. Throughout the remainder of September and during October the weekly currency returns were devoid of interest since there was little change either in note circulation or in the composition of reserves. The only notable feature was a fall in the rupee coin with an almost corresponding increase in the silver bullion. While the former declined from Rs. 103.29 crores to Rs. 102.06 crores, the latter improved from Rs. 11.37 crores to Rs. 12.86 crores. Notes in circulation on October 31 amounted to Rs. 175.85 crores and securities to Rs. 49.40 crores compared with Rs. 175.20 crores and Rs. 49.42 crores respectively on September 7. The metallic reserve ratio to circulation improved slightly from 71.78 to 71.90.

Silver shipment to London on Government account.

During the first fortnight in November silver coin and bullion declined by Rs. 138 lacs to Rs. 113.54 crores; the fall in bullion represented a shipment of silver to London on Government account. Securities over the same period increased by Rs. 105.65 lacs to Rs. 50.45 crores and as a consequence notes in circulation were practically unaltered at Rs. 175.63 crores. The metallic reserve ratio to circulation stood at 71.27 on November 15. During the latter half of November and in the first week of December, there was little change either in the note circulation or in the composition of reserves. Silver coin and bullion decreased by Rs. 87.04 lacs to Rs. 112.67 crores, while securities in India increased by Rs. 46 lacs to Rs. 50.91 crores. Notes in circulation decreased from Rs. 175.63 crores to Rs. 175.34 crores.

Important changes in the composition of Reserves.

In the second week of December, however, there were important changes in the composition of reserves, though the notes in circulation declined by only the small amount of about Rs. 43.94 lacs to Rs. 174.90 crores. Government transferred Rs. 679.20 lacs worth of gold from the Gold Standard Reserve to the Paper Currency Reserve in India and cancelled a corresponding amount of securities in India. The funds in the Gold Standard Reserve in England increased by £5 million, the amount having been transferred from current balance of the Secretary of State for India. A similar transfer to the extent of Rs. 5 crores was effe ted in May and the balance of gold remaining earmarked in India for Gold Standard Reserve now amounts to Rs. 22.32 crores.

During the latter half of December the notes in circulation decreased by Rs. 10 lacs and amounted to Rs. 174.80 crores at the end of the year as compared with Rs. 179.30 crores at the end of 1931. Silver coin and bullion in reserve declined further by Rs. 201 lacs to Rs. 110.66 crores, the net decrease during the year amounting to Rs. 12.32 crores. Gold bullion in Paper Currency Reserves stood at Rs. 18.68 crores at the close, being Rs. 14.12 crores more than at the close of last

year. Securities in India amounted to Rs. 45.46 crores as compared with Rs. 49.25 crores at the end of last year. The ratio of metallic reserve to the note circulation stood at 73.99 compared with 71.13 at the end of 1931.

TREASURY BILLS.

Volume of treasury bills continually declines.

Although the volume of outstanding treasury bills had continually declined since the abandonment of gold standard by Great Britain and India, the yield offered was still fairly high during the early part of the year 1932, varying between 6½ and 7¼ per cent. Later on, however, the return was gradually decreased to as low as 2—2½ per cent. owing to the abundant supply of cheap short-term funds and Government's reluctance to pay higher rates than money market conditions warranted. While the total amount outstanding in September 1931 was Rs. 84.44 crores, the amount outstanding at the beginning of 1932 amounted to Rs. 60.21 crores, which was further reduced to Rs. 50.71 crores at the close of the year.

Tenders for six and three months' bills invited.

Tenders for Rs. 2 crores of six and three months' treasury bills were invited weekly from the opening of the year and intermediate bills of both usuances were also available. Six months' bills, however, were not attractive as an investment as these covered the entire busy season, while large amounts were invested in three months' bills every week both by tender and on tap.

Yield reduced.

Six months' bills.—During the first two weeks of January Government sold Rs. 4.75 lacs of six months' bills by tender and Rs. 24.75 lacs on tap at a yield of 6½ to 6¾ per cent. Following the reduction in the Imperial Bank rate from 8 to 7 per cent. on the 14th however, the yield on these bills was reduced to 6¼ per cent. Small amounts were sold every week on this interest basis till February 10, when Government rejected all tenders with a view to further reducing the yield. The total amount of these bills sold since the beginning of the year till February 10 amounted to Rs. 203.50 lacs. The yield was now reduced to 5½ per cent. per annum, but apprehending a further reduction in the Imperial Bank rate, with a consequent fall in the return on treasury bills, large amounts were invested in these bills in a fortnight.

Government rejects all weekly tenders.

Yield reduced further.

The Imperial Bank rate was lowered from 7 to 6 per cent. from February 25 and the yield on treasury bills was reduced to 5—5¼ per cent. basis. Applications were quite large even at this return and Government having little use for six months' funds decided to suspend the sale of six months' bills from March 1.

Sale of six months' bills suspended.

Their sale remained suspended till July 5 when tenders for these bills in conjunction with three months' bills were invited to the extent of Rs. 2 crores. The decision to sell these bills was very timely since funds invested in them would mature early in January and thus cover the whole of the slack season.

Sale of six months' bills reintroduced.

Banks and investors were expected to take full advantage of this offer since trade was very poor and there was no other profitable source of investment. Money rates in the interim, however, had declined to under a four per cent. level and although Rs. 96 lacs of these bills were applied for only Rs. 3.25 lacs were accepted at an average yield of Rs. 3-10-6 per cent. per annum. No intermediate bills, however, were offered. On July 7 the bank rate was further reduced to 4 per cent. and out of Rs. 89.75 lacs applied for in the following week, only Rs. 33.25 lacs were accepted at the same yield as the last. Intermediate bills, however, were offered from July 13 at Rs. 98-4-0 per cent. In the following weeks very large sales of these bills were effected at 3½ per cent. to 3⅝ per cent. The total amount sold by tender was Rs. 563 lacs and on tap Rs. 984.25 lacs. It was believed that a fair amount of foreign funds was invested in these bills. The sale of all treasury bills was temporarily suspended from August 2 in order to facilitate the issue of a second Rupee loan of the year.

No intermediate bills offered.

Six months' intermediate bills re-introduced.

Foreign funds invested.

Sale temporarily suspended.

On 30th August sale of these bills was resumed once again, but this time only tenders for Rs. 2 crores of six months' usuance were invited. A new feature introduced was that 6 per cent. 1932 bonds due October 1 were to be accepted as equivalent of cash in payment of allotments, such bonds being credited at their full maturity value (Rs. 100 *plus* Rs. 3 interest per Rs. 100 nominal). Applications exceeded Rs. 7½ crores of which Rs. 2 crores were allotted at an average yield of Rs. 3-0-3 per cent. per annum. It was believed that the major portion of the applications was in the shape of 6 per cent. bonds owing to the premium offered for their conversion.

Sale resumed.

6 per cent. Bonds due 1932 accepted as equivalent of cash.

Intermediate bills were offered from August 31 at Rs. 98-8-6 per cent., but Government reserved the right to suspend their sale without giving previous notice. This was a departure from the usual practice as Government had never previously reserved to themselves the right to withdraw an offer in mid-week without giving notice.

Intermediate bills offered but Govt. reserves the right to suspend without notice.

Government's action was however justified since in one day namely on August 31 Rs. 344.50 lacs of intermediate bills were sold. Government were none too keen to increase their floating debt any more than was absolutely necessary and their Ways and Means position was comfortable. There were comparatively small treasury bills maturities aggregating Rs. 9½ crores during September and October and there were none at all during November and December.

Large intermediates sold & Government suspend the sale immediately.

In the first three weeks of September Government sold a further Rs. 349.75 lacs of six months' bills. At this stage, however, applications fell off as the bills sold at this period mature in March 1933 and thus cover a good portion of the busy season. Accordingly the sale of these bills was suspended as from September 20 and was not

Further sale of six months' bills.

resumed during the year. The total amount of these bills outstanding at the end of the year was Rs. 25.67 crores as compared with Rs. 15.36 at the close of 1931.

Sale suspended.

Three months' bills.—Three months' bills were issued side by side with six months' bills, the former being a more attractive investment and large sales were effected every week both by tender and on tap. The yield offered was better than on six months' bills being about 7¼ per cent. per annum at the opening. Following a reduction in the Imperial Bank rate from 8 to 7 per cent. on January 14, the return on these bills was lowered proportionately to about 6½ per cent. Even at the lower rate of interest the sales continued unabated and amounted to Rs. 10.15 crores in the second half of January, making a total of Rs. 13.39 crores during the month. In the first week of February further sales of Rs. 274.50 lacs were made but in the second week although large applications were received, Government rejected all tenders. Sales on tap during this period amounted to Rs. 181 lacs at Rs. 98-6-6 per cent. but the rate for the following week was raised to Rs. 98-8 per cent.; the easy monetary situation and the comparatively small trade demand accounted for the rise. The lowering of interest had no effect and large applications continued. So much so that Government rejected all tenders for these bills on February 23. The sales from 1st February to this date amounted to Rs. 13.55 crores. At this stage the yield was further lowered to about 5½ per cent. following the reduction in the Bank rate to 6 per cent. on the 25th, but this did not check investment. In fact the suspension of the sale of six months' bills at this juncture left three months' bills as the only source of short-term investment which continued to be patronised. From mid-March the yield was lowered to about 5 to 5¼ per cent. with little effect on the volume of sales which amounted to Rs. 29.13 crores from March 1 to the end of April. The fear of a further reduction in the Bank rate with its consequent reaction on the treasury bill yield partly accounted for the very large applications during this period. Funds were also beginning to return from the interior to trade centres.

High yield offered on three months' bills.

Large sales continue.

Government rejects all tenders and yield lowered.

Large sales continue.

The Bank rate was lowered to 5 per cent. on May 5, and Government accordingly reduced the yield on treasury bills to about 4¼ to 4½ per cent. which was further lowered to about 3½ to 3¾ from May 20. Large funds continued to be invested despite the reductions and sales during May aggregated Rs. 11.40 crores. The sale of Intermediate bills was discontinued from May 31 to facilitate the issue of a rupee loan, but weekly tenders were invited as before. Sales during June were comparatively small and amounted to Rs. 485.75 lacs.

Further reduction in the yield.

Sale of intermediates suspended.

The Imperial Bank rate was lowered once again on July 7 to 4 per cent. and the return on treasury bills declined to about 3⅜ per cent. at which level it stood for a week when it was further reduced 2½ per cent. Government were now more anxious to borrow on six months' bills than on three months and offered the comparatively better return of 3⅝ per cent. on the former which attracted most of the

Sales decrease.

surplus funds. In fact six months' bills were available on tap while three months' bills were not. The total sale of these bills during July was only Rs. 434.75 lacs, when further sales of all usuances were suspended pending the issue of the second rupee loan of the year.

Sale suspended temporarily.

Although the sale of treasury bills was resumed from August 30, it was confined to six months' bills upto September 20, when tenders for four months' bills were also invited.

Sale of four months' bills introduced.

The sale of three months' bills was reintroduced from October 11 when other usuances were discontinued. Though the yield was reduced to $2\frac{1}{4}$ to $2\frac{1}{2}$ per cent. large applications poured in and the sales upto October 25 by tender and on tap amounted to Rs. 731.50 lacs, when the amount of tenders was reduced to Rs. $1\frac{1}{2}$ crores and intermediate sales were discontinued. The amount was further reduced to Rs. 1 crore as from November 8, but the yield was unchanged at about $2\frac{1}{2}$ per cent.

Three months' bills resumed and large amounts tendered.

The sale of intermediate bills was reintroduced from November 23, subject to the condition that Government reserved the right to stop the sale of intermediates without previous notice. Total sales during November amounted to Rs. 7.11 crores.

Three months' intermediates reintroduced.

During December, the sale of treasury bills declined owing to the movement of cotton from upcountry centres to ports and the general belief that money rates would be comparatively tighter before the end of the year. The yield had actually to be increased from $2\frac{1}{2}$ to about $2\frac{3}{4}$ per cent. per annum towards the close. The total sale of these bills during the month by tender and on tap amounted to Rs. 4.64 crores. Three months' bills outstanding at the end of the year aggregated Rs. 19.08 crores compared with Rs. 37.17 crores at the end of last year.

Sales decline owing to movement of crops.

Yield increased slightly.

Four months' bills.—In mid-September the applications for six months' bills grew so small, that Government decided to replace these with four months' bills. This usuance was expected to attract large amounts owing to the timely maturity of the funds thus invested. In fact applications in the first week amounted to Rs. 529 lacs, of which Rs. 196.75 lacs were accepted at an average rate of Rs. 2-5-6 per cent. per annum. The yield offered on intermediates was, however, comparatively small at $2\frac{1}{8}$ per cent. and hence sales were not as large as would have been the case, had the yield been slightly better. Government were none too keen to pay higher rates of interest and were content with small amounts sold at lower rates of interest. The four months' bills were replaced by three months from October 11, and the total amount realised through this investment since its inception in mid-September aggregated Rs. 595.25 lacs, and the whole amount was outstanding at the close of the year.

Sale of four months' bills introduced.

Large applications received.

Sale suspended.

GOVERNMENT SECURITIES.

Market opens weak.

Gilt-edged stocks were weak at the opening of the year, but there was a complete change in the outlook following the repayment, without resort to the market, of the £15 million 5½ per cent. India sterling loan in London due on the 15th and the reduction in the Imperial Bank rate to 7 per cent. on the 14th. The two factors combined reacted favourably on the local market, so much so, that sellers who had been predominating and thus depressing values in the previous few months now held back. In fact a fair amount of investment enquiry became manifest particularly for short-term bonds. 3½ per cent. Paper which was quoted at Rs. 51-6-0 at the opening improved by Rs. 3 by the third week of January. Similar gains were recorded in almost all issues. 5 per cent. 1945-55 loan rose from Rs. 88-10 to Rs. 92-2; 4 per cent. 1960-70 and 4½ per cent. 1955-60 loans which were available at Rs. 59 and Rs. 67-12 found buyers at Rs. 61-8 and Rs. 69-4 respectively. 6 per cent. 1933-36 bonds advanced from Rs. 93 to Rs. 95-10 and 1932 bonds were quoted at about par. The price of 4 per cent. 1934-37 loan increased from Rs. 82-2 to Rs. 83-8 and that of 4½ per cent. bonds due 1934 from Rs. 90-12 to Rs. 92-6. 5 per cent. 1933 and 1935 loans gained about 2 points, being quoted at Rs. 97-14 and Rs. 90-12 respectively.

Sterling loan repaid.

Favourable reaction on securities.

Confidence reviving.

Confidence in Government of India stocks was by now completely restored and prices of sterling as well as rupee securities continued to rise. Sellers became scarce and buyers had to offer higher rates to induce sales. A further reduction in the Imperial Bank rate to 6 per cent. on the 25th caused quotations to advance and the tone of the market became healthy. By the end of February 3½ per cent. Paper advanced to Rs. 61-2 and 5 per cent. 1945-55 loan to Rs. 97-2. 5 per cent. 1935 and 1933 loans jumped to Rs. 96-2 and Rs. 99-12; 6 per cent. 1932 bonds were quoted at a premium of 4 annas and 1933-36 bonds advanced to Rs. 99. 4 per cent. 1960-70 loan firmed up to Rs. 67-12 and 4½ per cent. 1955-60 loan changed hands at Rs. 75.

Tone healthy.

Buoyant tone continues.

Buoyancy continued and the values of long-term loans appreciated in the same proportion as those of short-term bonds in London as well as in the local market. This was indeed a healthy sign of the times and revealed a true revival of confidence in India's credit. It should be noted, however, that yield on short-term treasury bills which had stood as high as 7¼ per cent. at the beginning of the year had also declined to about 5¼ to 5⅛ per cent. by the beginning of March, an additional factor making for the strength in the gilt-edged market. By the second week in March 3½ per cent. Paper had reached Rs. 63-4 and 5 per cent. 1945-55 loan touched Rs. 98-14. 5 per cent. 1933 and 1935 loans steadied to Rs. 100-2 and Rs. 97 respectively, and all other issues gained proportionally. At this stage, however, there was a tendency to take profits and prices showed a reaction all round. By the end of March 3½ per cent. Paper declined to Rs. 61-4 and 5 per cent. 1945-55 loan to Rs. 98-10. Other issues were also quoted lower with buyers temporarily holding aloof.

During the first fortnight in April the gilt-edged market lacked the activity manifest in the previous two months and there was little movement in quotations. In the second half of the month, however, prices tended to improve once again although there was a slight recession immediately following the announcement on April 25, of the issue of a 5 per cent. New India sterling loan in London at £95 per cent. Since it became known, however, that the subscription list was closed immediately after opening, there was a healthy reaction on prices in London as well as in the local market. 3½ per cent. India sterling loan after declining from £67 to £65 improved to £66½ with a corresponding rise in 3½ per cent. Paper which improved from Rs. 62-2 to Rs. 62-10; 5 per cent. 1945-55 loan advanced to Rs. 99-8; 4 per cent. 1960-70 loan to Rs. 69 and 4½ per cent. 1955-60 loan to Rs. 79-12. The reduction in the Imperial Bank rate from 6 to 5 per cent. on April 28 was also not without effect on security prices.

Market lacks activity.

Prices tend to improve.

India sterling loan advances.

5 *per cent. India sterling loan.*—The Government of India announced on April 25, the issue of a 5 per cent. New India sterling stock for £10 million maturing 1942-47, interest being payable half-yearly on June 15 and December 15. The issue price was £95 payable as under :—

New sterling loan.

On application	£ 5 per cent.
On 6th May 1932	£20 „
On 14th June 1932	£35 „
On 8th July 1932	£35 „
	£95

The proceeds of the loan were to be used for repayment of £6 million 6 per cent. bonds due June 15, 1932, for capital expenditure on railways in India and for general purposes. The subscription list was opened on the 27th and Indian investors whose applications were received by the Imperial Bank for transmission to the London office were given an opportunity to subscribe.

Although the market did not expect the issue of a new sterling loan at this juncture, it nevertheless came at an opportune moment. It would not have been possible to raise an Indian loan in the London market if the conversion scheme for the British War Loan totalling over £2,000 million had come into operation. Furthermore with a weaker tendency in the sterling dollar cross rate the gilt-edged market would have been adversely affected.

The new loan was a great success and was well received by the investing public. Applicants for over £1,000 were allotted 46 per cent. and small applicants between 50 and 55 per cent. Dealings started at ⅜ premium which soon rose to £1-5-0. This result had a salutary effect on Indian securities and it was felt that the issue of a new rupee loan on favourable terms for the Government would now be well received.

New loan a great success.

During May, prices of rupee securities improved all round and a fair turnover was reported in long as well as in short-term loans. Towards the close, however, there was a slight reaction, particularly in long-term loans, pending the issue of a new rupee loan. 3½ per cent. Paper fluctuated between Rs. 62-3 and Rs. 63-12 and was quoted at Rs. 62-12 at the end of the month; 5 per cent. 1945-55 Loan after improving to Rs. 101-2 receded to Rs. 100-12. 4 per cent. 1960-70 Loan and 4½ per cent. 1955-60 Loan touched Rs. 72-4 and Rs. 81, but finished at Rs. 70 and Rs. 80-12 respectively.

Prices show general improvement.

New Rupee Loan.—The Government of India notified on June 1, that subscriptions for an issue of 5½ per cent. taxable loan due 1938-40 would be received without limit of amount from June 6 to 18. The issue price was fixed at Rs. 98 with interest payable half yearly on April 1 and October 1.

Terms of New Rupee Loan.

Subscriptions were invited in cash, treasury bills or 6 per cent. 1932 bonds, the latter being accepted as the equivalent of cash at their full maturity value. Treasury bills maturing not later than August 31, 1932, and payable at the place of presentation of the application were to be accepted at the rate of 3½ per cent. on the unexpired portion of the currency of the bills. In case of 1932 bonds tendered for conversion, interest at 6 per cent. free of income tax upto July 31, was payable in addition. The loan was issued in the form of stocks or promissory notes and applications to be for Rs. 100 or a multiple of that sum. Applications for the loan were made receivable at all Post Offices doing Savings Bank business, subject to a maximum of Rs. 20,000 per applicant.

The announcement did not affect the security market since the terms offered were well conceived and in keeping with the existing state of gilt-edged. The return of 5.81 per cent. was attractive and it was expected that a fair amount would be subscribed in cash. The premium offered on 6 per cent. 1932 bonds in the shape of double interest was lucrative and it was believed that a major portion of the outstanding bonds would be converted.

The progress of the loan was not as satisfactory as expected and only Rs. 9 crores were subscribed within four days after the opening. This tended to cause the values of existing securities to sag and advices from London, where prices of India Sterling Stocks eased, were also not encouraging; 3½ per cent. Paper declined to Rs. 60-14 and 5 per cent. 1945-55 Loan to Rs. 100-6. 5 per cent. 1939-44 Loan lost Rs. 1-4 to Rs. 94 and 4 per cent. 1960-70 Loan dropped from Rs. 71 to Rs. 70. All other issues declined ½ to 1 per cent.

Progress not satisfactory at beginning and prices decline.

The fall was arrested, however, in the following week and there was a general improvement in quotations. This was due to the more favourable news regarding the progress of the new rupee loan at the latter stage coupled with the rise in the values of India sterling stocks in London, probably because of the repayment by the Government of India on June 15, the earlier optional date of some £6 million of the outstanding 6 per cent. 1932-33 India sterling stock. A fair amount of turnover was reported in the local market in long as well as in short-term loans; 3½ per cent. Paper improved to Rs. 62-5 and 5 per cent. 1945-55 Loan to Rs. 100-14. Other issues were steady.

Fall arrested.

6 per cent. India sterling loan 1932-33 redeemed.

The final figures for the new rupee loan showed a total subscription of Rs. 19.23 crores made up as under:—

New Rupee loan result.

Cash subscriptions	Rs.	13.70 crores.
Treasury bills	Rs.	1.81 „
6 per cent. 1932 bonds	Rs.	3.72 „

Large cash subscriptions.

It was indeed surprising and noteworthy that cash subscriptions amounted to more than 70 per cent. of the total. On the other hand the amount of 6 per cent. 1932 bonds converted was very small, being only 25 per cent. of the total outstanding. Government were, however, provided with large cash balances with which to redeem the unconverted portion of 6 per cent. 1932 bonds due for repayment on October 1.

Forward trading resumed in Security market.

Simultaneously with the publication of the result of the new rupee loan, came the decision of the Bombay Stock Exchange authorities to resume forward trading in 3½ per cent. Paper and in 1944-55 Loan with effect from June 20. Forward trading had been suspended in these scrips as from October 16, 1931, settlement, when the market was demoralised by constant bear raids. The decision to open forward trading gave rise to speculative dealings, particularly in 3½ per cent. Paper. The market became more active and prices fluctuated from day to day with an upward tendency.

Market becomes buoyant.

Towards the end of June the market was buoyant following a sharp rise in the price of India sterling stocks in London, due to an advance in British securities following a reduction in the Bank of England rate to the record low level for many years of 2 per cent. on June 30, the rate last standing at the figure in 1895. The announcement concerning the conversion of the outstanding 5 per cent. 1929-47 British War Loan was also expected shortly and it actually came on July 1, when Mr. Neville Chamberlain, the Chancellor of the Exchequer, announced in the House of Commons the details of a conversion scheme of the £2,000 million of 5 per cent. 1929-47 War Loan. The new loan carried 3½ per cent. interest and was due for repayment at the earliest in 1952.

Conversion loan issued in Great Britain.

India sterling loans advance.

As a consequence 3½ per cent. India sterling loan rose as high as £75½, a gain of £5 over the previous week's closing; 3½ per cent. Paper in the local market improved to Rs. 66-8 and a fair volume of speculative business was transacted. There was in addition a moderate investment enquiry in all issues and 5 per cent. 1945-55 Loan rose to Rs. 101-12 and 1939-44 Loan to Rs. 94-4.

Large conversion of India sterling into rupee securities.

The disparity between the price of India sterling stocks and rupee securities was getting wider at this stage and the rise in the former outstripped that in the latter. While 3½ per cent. India sterling loan gained £7 to £82½ in the first week of July the quotation for 3½ per cent. rupee paper improved only from Rs. 66-8 to Rs. 70. This disparity induced considerable conversion of sterling securities into rupee loans

making the gap narrower; 3½ per cent. India sterling stock declined to £80, while 3½ per cent. rupee paper lost about 5 annas to Rs. 69-11. Prices improved all round and long term terminable loans were in good demand with a rise of 4 to 5 points. 4 per cent. 1960-70 Loan advanced to Rs. 75 and 4½ per cent. 1955-60 Loan touched Rs. 84-8. 5 per cent. 1945-55 Loan rose to Rs. 104-4 and 1939-44 to Rs. 95-8. 6 per cent. 1933-36 bonds steadied to Rs. 100-14 and 5½ per cent. new rupee loan was quoted at Rs. 100-4, an advance of Rs. 2-4 over the issue price.

Wide fluctuations in 3½ per cent. paper.

Wide fluctuations now became the feature of 3½ per cent. rupee paper through speculative transactions and advices from the London market on the progress of the conversion scheme. Large sales and purchases were effected by investors who either converted their sterling stocks into rupee paper or sold rupee Paper and reinvested the proceeds in other rupee terminable loans. Large blocks of 3½ per cent. Paper changed hands at the fortnightly settlement on July 17. The price of 3½ per cent. Paper ranged between Rs. 69 and Rs. 70-4, while long term loans found favour with the investors; 4 per cent. 1960-70 Loan was placed at Rs. 77 and 4½ per cent. 1955-60 at Rs. 85-4. 5 per cent. 1939-44 Loan advanced to Rs. 95-11 and the new 5½ per cent. 1938-40 Loan to Rs. 100-10.

Market becomes dull and prices decline.

In the third week of July, the gilt-edged market became comparatively dull and somewhat easier following the news of political disturbances in Germany with its repercussion on the London market; 3½ per cent. Paper declined to Rs. 68-8 and 5 per cent. 1945-55 Loan to Rs. 103-8. Towards the end of the month, however, the London market gained renewed strength following favourable news of the progre s of the conversion scheme. Prices in the local market consequently went higher. 3½ per cent. Paper improved to Rs. 70-2 and 5 per cent. 1945-55 Loan to Rs. 104-2. 4 per cent. 1960-70 Loan gained about Rs. 2 to Rs. 79-8 and 4½ per cent. 1955-60 Loan firmed to Rs. 89-8; 5½ per cent. new 1938-40 Loan closed at Rs. 101-8 and there was proportionate rise in all issues.

India sterling stocks show renewed strength.

Sale of treasury bills suspended.

In the first week of August, Government suspended the sale of treasury bills, thus causing rupee securities to be firmer and the market was buoyant. Some short-term money even was being diverted to the security market owing to the stoppage of treasury bills sales. While 3½ per cent. Paper showed no change at about Rs. 70 owing to the technical position in the forward market, all other scrips gained in price; 5 per cent. 1945-55 Loan improved by a rupee to Rs. 105-2 and 1939-44 Loan closed at Rs. 98-4; 4 per cent. 1960-70 advanced to Rs. 79-11 and 4½ per cent. 1955-60 Loan to Rs. 90-2 and 5½ per cent. 1938-40 Loan to Rs. 101-12.

Rumours re: issue of a second rupee loan become current.

At this juncture there were strong rumours in the local market that the Government of India were shortly contemplating the issue of a second rupee loan. The rumours had been current for some time, but they were now more or less confirmed by Government's action in suspending the sale of treasury bills as from August 1, even though maturities during this month were heavy and Government had

to pay about Rs. 11 crores on October 1, for the unconverted portion of 1932 bonds. Although it would have been a departure from the usual practice to issue another rupee loan in the same year, yet the time was quite opportune for such an issue. Large funds repatriated from London through the sale of India sterling stocks had only partly been reinvested and the need of a long-term terminable loan at a reasonable rate of interest was patent. In fact the sale of India sterling stocks in London had been retarded owing to the difficulty of finding suitable reinvestment propositions. The security market in India was thus in a healthy condition and success for an issue was assured.

Second rupee loan issued.

It was on August 10, that the Government of India issued a communique announcing the terms of the second rupee loan. The new loan was for Rs. 25 crores bearing interest at 5 per cent. and was made repayable in 1940-43 at Government's option at three months' notice after October 1, 1940. The loan was a taxable one and the issue price was fixed at Rs. 98.

Terms of the Loan.

Subscriptions were to be received from August 17 in the form of cash, 5 per cent. 1933 Loan or 6 per cent. 1933-36 Bonds. The loan was to be closed without notice if and when the total subscriptions amounted to approximately 25 crores and in any case not later than August 31, 1932. The terms of the new loan were well thoughtout and did not upset the market equilibrium. The prices of existing stocks after a temporary set-back recovered almost to their old levels; 3½ per cent. paper after declining to Rs. 67-14 closed at Rs. 69-4. 5 per cent. 1945-55 Loan after receding to Rs. 104-8 improved to Rs. 105.

New loan a phenomenal success.

The new loan was phenomenally successful and subscriptions exceeded the required amount within four hours, when the list was closed. Government were relieved of the burden of repayment in 1933 to the extent of Rs. 20 crores. Apart from that the issue proved conclusively that confidence in rupee securities had fully revived and with this feeling gaining ground it is likely that Government will be able to borrow future loans at a still cheaper rate of interest. The total applications aggregated Rs. 30.03 crores made up as under :—

In cash	Rs.	9.43 crores.
By tender of 1933 Loan ..	,,	10.41 ,,
By tender of 1933-36 Bonds .	,,	10.19 ,,
	Rs.	30.03 crores

Cash applications for Rs. 5,000 nominal and under were allotted in full. Other cash applications were allotted 50 per cent. subject to a minimum of Rs. 5,000. Conversions of 1933 and 1933-36 Bonds were allotted in full.

Weak advices from London depress local rates.

Normally the success of such a loan should have imparted a very firm tone to the local markets but unfortunately advices from London at this juncture were weak. As a consequence prices showed little change from the previous week's level, 3½ per cent. paper being quoted at about Rs. 69 and 5 per cent. 1945-55 Loan at Rs. 105-1. The new loan was quoted at ⅜ per cent. premium. In the concluding

week of August and upto almost the end of September, the security market remained dull and uninteresting. Price movements were narrow and downwards with a restricted volume of turnover; 3½ per cent. Paper ranged between Rs. 68 and Rs. 69 and 5 per cent. 1945-55 Loan between Rs. 104 and Rs. 105.

A better tone prevails.

There was a better tone towards the end of September owing partly to cheap money rates and partly to steadier advices from London. The political situation in India was also not without its effect on security prices. The turnover improved and 3½ per cent. Paper advanced to Rs. 69-12 and 5 per cent. 1945-55 Loan to Rs. 105-2. The new 1940-43 Loan gained to Rs. 99-6 and 5½ per cent. 1938-40 Loan was quoted at Rs. 102-6. 4 per cent. 1960-70 Loan firmed up to Rs. 80 and 4½ per cent. 1955-60 Loan to Rs. 90-2.

Improvement continues.

The improvement in rates continued throughout October. Encouraged by the success of the conversion scheme and the continued plethora of funds in the London money market, the British Government decided upon a second conversion scheme. Treasury bills bearing 2 per cent. interest per annum maturing 1935-38 for £150 million were issued and holders of 4½ per cent. 1932-34 British bonds were given an option to convert into them at 10 shillings discount. Although the market had anticipated the issue of a new loan for sometime, the rate of 2 per cent. interest came as a surprise. Despite the very low return, the cash portion of the loan was subscribed immediately after the opening. This achievement on the part of the British Treasury caused a rapid advance in prices of all existing stocks and particularly of India sterling loans, as these still stood on a comparatively high interest basis ; 3½ per cent. India sterling loan advanced from £85 to £89½ and all other issues progressed proportionately. The local market immediately responded to the rise and while there was not a corresponding advance, prices gained substantially ; 3½ per cent. Paper rose to Rs. 74-12 and 5 per cent. 1945-55 Loan to Rs. 107-14 with a large turnover. The new 5 per cent. 1940-43 Loan advanced to Rs. 100-12 and 5½ per cent. 1938-40 Loan to Rs. 103-6. 4 per cent. 1960-70 Loan firmed up to Rs. 84-2 and 4½ per cent. 1955-60 Loan to Rs. 92-4. The quotation improved further to Rs. 77 for 3½ per cent. Paper and Rs. 108-1 for 5 per cent. 1945-55 Loan between October 16 and 19, but the weakness in the London-New York cross rate at this juncture caused nervousness, resulting in heavy unloading of securities ; 3½ per cent. paper dropped to Rs. 72-12 and 5 per cent. 1945-55 Loan to Rs. 106-14. 5 per cent. 1939-44 Loan declined from Rs. 101-4 to Rs. 100-14 and 4 per cent. 1960-70 Loan after touching Rs. 85 receded to Rs. 84-6. The fall was general and every issue declined by ¼ to ½ per cent. Henceforward the fluctuations in the cross rate became the guiding factor in the security market. There were wide movements from day to day and business was restricted. There was a phenomenal fall on October 25, in the price of 3½ per cent. Paper to Rs. 70-14, but a reaction in the cross rate at this level caused a rally and the price touched Rs. 73-11 ; 5 per cent. 1945-55 Loan suffered a sharp fall to Rs. 105-6 and 4 per cent. 1960-70 Loan to Rs. 83-12. All other issues declined equally and there was pressure to sell with unwilling buyers. The tone of the market became uncertain and depended entirely upon advices from London.

Second Conversion Loan issued by British Government.

Rapid advances in prices.

Tone becomes uncertain.

On November 1, the British Government announced the issue of a third loan in succession and this time for £300 million. The rate of interest was fixed at 3 per cent. and the issue price at 97½ with redemption at par in 1948-53. This issue was made to provide for the repayment of £165 million of the unconverted portion of the 5 per cent. War Loan and £114 million of 5 per cent. Treasury bonds. The Loan was oversubscribed on opening and there were only partial allotments.

Third loan issued by British Government.

The success of this as that of the previous two issues had a very healthy effect on the price of existing British and Indian stocks; 3½ per cent. India sterling loan touched the highest level of the year, namely £93 and the quotation for 3½ per cent. Paper advanced to Rs. 76-4. A set-back occurred at this stage in sympathy with the movement of the London-New York cross rate and the quotation for 3½ per cent. India sterling loan declined to £91 with 3½ per cent. Paper quoted at Rs. 73-4. Other issues, however, were maintained owing to the cheap money conditions existing in the local market; 5 per cent. 1945-55 Loan was quoted at Rs. 106-6 and 1939-44 Loan at Rs. 101. 4 per cent. 1960-70 Loan steadied to Rs. 84-12 and 4½ per cent. 1955-60 Loan to Rs. 94-2.

Healthy reaction on British and Indian stocks.

Though there were frequent day to day fluctuations, the tendency throughout November remained weak in sympathy with the London-New York cross rate which touched the lowest level since Britain abandoned the gold standard in September 1931. Furthermore rumours, which caused a somewhat hesitant tone, were afloat in the market that the Government of India contemplated the issue of a third rupee loan. These rumours were, of course, unfounded and practical financiers gave little heed to them.

Tendency weak following fluctuations in New York-London cross rate.

3½ per cent. India sterling loan declined gradually to £83 and the quotation for 3½ per cent. Paper in the local market ranged between Rs. 74 and Rs. 72-2 till almost the last week in November when it suffered a sharp fall to Rs. 71-2, but recovered back to Rs. 71-9 at the close. 5 per cent. 1945-55 Loan varied between Rs. 105-13 and Rs. 106 and prices of other stocks were only a shade quieter. The local monetary situation checked any great fall in prices except in 3½ per cent. Paper which was entirely in the hands of speculators.

Prices decline.

During the early part of December, the market was quiet and dull but became firmer towards mid-month in sympathy with a sharp rally in the price of India sterling stocks in London. This in its turn was influenced by the steady London-New York cross rate; 3½ per cent. India sterling stock advanced from £82 to £87¾ and 3½ per cent. Paper in the local market gained from the level of Rs. 71-8 to Rs. 74-5 on 15th. 5 per cent. 1945-55 Loan improved to Rs. 106-12 and there was a general recovery in rates. Short-term bonds were in demand and were difficult to obtain.

Market quiet and dull.

During the remainder of December the gilt-edged market continued steady, but the volume of turnover was restricted owing to the absence of sellers; 3½ per cent. Paper ranged between Rs. 73 and Rs. 73-8 and closed at Rs. 74-1. 5 per cent. 1945-55 Loan closed steady at Rs. 107; 5 per cent. 1940-43 loan at Rs. 102-7 and 5½ per cent. 1938-40 loan at Rs. 104-8.

Market assumes steadiness.

RAILWAY BUDGET.

The Railway Budget was presented to the Legislative Assembly by the Hon. Sir George Rainy on February 25 and simultaneously to the Council of State by the Hon. Mr. T. G. Russell, the Chief Commissioner of Railways.

The actual loss on the working of commercial and strategic lines during 1930-31 amounted to Rs. 5.18 crores which was attributed to the trade depression. This loss and the contribution to the General Revenues was met by the withdrawal of Rs. 10.92 crores from the Reserve Fund, leaving a balance of Rs. 5.42 crores at the end of the year. The Depreciation Fund closed with a balance of Rs. 13.92 crores.

Dealing with the Budget for 1932-33, Sir George Rainy stated that it was not safe to assume that there would be an increase in traffic. Because of enhanced rates and fares the total gross receipts were estimated at Rs. 88.70 crores as against the revised estimate of Rs. 86.68 crores for the preceding year. Working expenses were put at Rs. 60.81 crores as against the previous year's revised figure of Rs. 62.69 crores including the contribution to the Depreciation Fund. Of the reduction of Rs. 188 lacs in working expenses Rs. 150 lacs was due to emergency cuts in pay. Total charges were estimated at Rs. 94.30 crores as against Rs. 94.12 crores, leaving a deficit of Rs. 5.60 crores. The loss on strategic lines was estimated at Rs. 1.99 crores, thus bringing the total deficit in the Budget year to Rs. 7.59 crores. The loss is again to be made good by a temporary loan from the Depreciation Fund.

The Depreciation Fund which opened with a balance of Rs. 14.58 crores is to be augmented by Rs. 13.70 crores during 1932-33 to Rs. 28.28 crores. Of this sum Rs. 5.60 crores will be taken out for works expenditure and Rs. 7.59 crores as loan to cover the budgetted deficit, leaving a closing balance of Rs. 15.09 crores.

The total expenditure on the works programme was estimated at Rs. 19.70 crores during 1931-32, but by the exercise of rigid economy and the cutting down all but absolutely essential works, it was found possible to reduce the sum to Rs. 16.50 crores despite the opening of 406 miles of new lines during the year. The programme for 1932-33 has been curtailed and only Rs. 9¾ crores have been provided for after allowing for reduction of stores balances to the extent of Rs. 1½ crores. The expenditure is being met from the Depreciation Fund to the extent of Rs. 5½ crores and the balance from capital. An allotment of Rs. 101 lacs will practically complete all new lines under construction and the total mileage will be increased by 173 miles, the remainder will be spent on essentially open line works.

The total capital expenditure on all State Railways, managed by the State and by the Companies up to 1932-33 amounts to Rs. 749.04 crores. The figures below show the extension of mileage year by year since 1926-27 :—

1926-27	..	28,004 miles.	1930-31	..	31,486 miles.
1927-28	..	28,426 „	1931-32	..	31,895 „
1928-29	..	29,451 „	1932-33	..	32,068 „
1929-30	..	31,218 „			

The Railway Budget, although it caused little surprise, was highly disappointing, as not only have the General Reserves been wiped out, but a major portion of the Depreciation Fund is being used up. And this is despite the fact that no contribution was made to the General Revenues of the Government during 1931-32 and no provision was made in the Budget year 1932-33. This deficit is undoubtedly due largely to the unnecessary delay in introducing retrenchment measures.

It is gratifying to note that the curtailment of new construction is being tackled, but it is more essential to reduce working expenses until current expenditure is met out of current revenues. Increasing fares and freight rates will hardly meet the needs of the present situation, since any rise in the present scale will hasten the operation of the law of diminishing returns.

BOMBAY BUDGET.

Sir G. B. Pradhan, Kt., presented the Bombay Government's Budget statement to the Legislative Council on February 18. At the outset he stated that the actual working of the year (1930-31) had left a closing balance of Rs. 77 lacs only as against the estimate of Rs. 113 lacs. The fall was due chiefly to suspensions and remissions of land revenue and irrigation dues owing to meet the great decline in prices of agricultural products.

Dealing with the revised estimates for 1931-32, the Finance Member stated that the adverse influences of the previous year still continued, so much so that revenues had fallen by about Rs. 54 lacs mainly due to suspensions and remissions. Receipts from stamps were also short by Rs. 10 lacs, forest revenues by Rs. 12 lacs and other minor heads by Rs. 8 lacs. Leaving aside the increases in revenues from betting taxes, etc., the net deterioration of the revenues amounted to Rs. 73 lacs and the total deficit would amount to Rs. 111 lacs, which sum it was proposed to meet by borrowing.

The revenue for the Budget year (1932-33) is estimated at Rs. 14.33 crores and expenditure Rs. 15.08 crores, leaving a deficit of Rs. 73 lacs. To meet this deficit, fresh taxation to bring in about Rs. 28 lacs was proposed, and the major portion of the balance or about Rs. 39 lacs was to be included in the borrowings from the Provincial Loans Fund.

On the matter of the separation of Sind, the Finance Member stated that the Government of Bombay would be relieved of an expenditure of about Rs. 80 lacs if separation were effected, but it was not possible to count on an early decision.

Regarding debt payments, the Hon. Member stated that the Government of Bombay had obtained the Government of India's sanction to postpone for a year the payment of the annual instalment due for borrowing from the Provincial Loans Fund. This temporarily relieved the Presidency from additional borrowing of Rs. 28 lacs.

The fresh taxation proposals were as follows :—

A surcharge of 6 pies per each unit of electrical energy consumed for lights and fans to be levied throughout the Presidency. The Court Fees Act and the Stamp Act to be re-enacted in a revised form. Fixed Court Fees to be raised in consequence of the decreased value of money and

ad valorem fees were to be enhanced where they were so inadequate that they led to the abuse of judicial facilities or did not cover the actual cost to Government of the services rendered. The proposed Stamp Act intended among other things to make "forward" contracts on the Stock Exchange liable to stamp duty, and rendered brokers' notes or memoranda inadmissible in evidence if they were under-stamped. The rate of duty on transactions to be revised so as to subject transactions of the value of Rs. 1,000 or part thereof to a duty of one anna instead of two annas for every Rs. 10,000 as at present.

THE GENERAL BUDGET, 1932-33.

Sir George Schuster, Finance Member of the Government of India, presented to the Legislative Assembly on March 7, the General Budget for 1932-33. He prefaced his speech by saying that the House, as announced, would not be asked to approve any extensions or modifications of the plan for raising revenue as put forward in the emergency supplementary budget of September 1931.

Reviewing in the first place the general economic position of India, the Finance Member stated that the monsoon was favourable and agricultural production was normal and yet her foreign trade had fallen to barely half of what it was two years earlier; merchandise exports and imports dwindled to Rs. 134¾ crores and Rs. 105 crores respectively in the ten months of the year 1931-32 as against Rs. 265 crores and Rs. 201 crores in the same period of 1929-30. These figures indicated the extent to which India's difficulties were due to world conditions. Jute and jute products and raw cotton claimed a major share in the fall of exports from Rs. 120 crores to Rs. 49 crores. In imports cotton manufactures accounted for about Rs. 34 crores and sugar for about Rs. 9 crores. Despite the large shrinkage in the volume of trade, the favourable balance, including treasure movements, amounted to about Rs. 71 crores in the 10 months compared with Rs. 43 crores of the 1929-30 period.

Though the volume of imports had fallen, the revenues from duties for the ten months had owing to higher rates only dwindled to about Rs. 29 crores on an import value of Rs. 105 crores compared with that of Rs. 33 crores on imports of Rs. 201 crores for 1929-30.

Dealing with the actual accounts of 1930-31, the Finance Member pointed out that the total revenues were better by Rs. 84 lacs and expenditure less by Rs. 26 lacs, so that the total result was a gain of Rs. 110 lacs which decreased the revised deficit of Rs. 12.68 crores to an actual one of Rs. 11.58 crores

Reviewing the year, 1931-32, the Finance Member alluded to the interim measures taken in September 1931 to fortify the budgetary position, which otherwise showed a deficit of over Rs. 19 crores in each of the years 1931-32 and 1932-33. By various taxation proposals made in September 1931, the year 1931-32 was expected to end with a deficit reduced to Rs. 10.17 crores and 1932-33 with a surplus of Rs. 5.23 crores. Unfortunately the deterioration in customs revenues since September 1931 had made it necessary to revise the estimate. Customs revenue was estimated to fall by about Rs. 3 crores for each year and thus the current deficit for 1931-32 would be increased

to Rs. 13.66 crores and the next year's surplus decreased to Rs. 2.15 crores. It was also pointed out that a provision of Rs. 13.71 crores had been made in 1932-33 from the revenues for Avoidance of Debt. A combination of two years' results would leave a net deficit of Rs. 11.51 crores and if the provision of Rs. 13.71 crores for debt avoidance was not made the actual net receipts would be Rs. 2.20 crores more than expenditure.

Comparison between the Budget figure and the forecasts of September 1931 revealed a deterioration of Rs. 5 crores in customs receipts and Rs. 1 crore in income tax. Against this there was an improvement of about Rs. 2½ crores under other heads, thus leaving a net loss of Rs. 3.49 crores thereby increasing the estimated deficit to Rs. 13.66 crores. In the Budget year 1932-33 the estimates for tax revenues and opium receipts are reduced by Rs. 458 lacs with an improvement in other heads of about Rs. 150 lacs, leaving a net loss of Rs. 3.08 crores which went to reduce the estimated surplus from Rs. 523 lacs to Rs. 215 lacs.

The improvements expected in the two years are mainly due to improvement in the Government of India's position as currency authority owing to increased demand for currency.

The gross revenue and expenditure may thus be summarised as under :—

In crores of rupees.

	Revenue.	Expenditure.
	Rs.	Rs.
Results of 1930-31	124.60	136.18
Budget for 1931-32	134.87	134.86
Revised estimate for 1931-32	120.77	134.43
Budget estimate for 1932-33	129.96	127.81

For 1932-33, customs receipts have been estimated at Rs. 52.31 crores as against the previous year's budget figures of Rs. 56.46 crores despite the anticipated increase of about Rs. 9¾ crores estimated in the Supplementary Finance Act. This was mainly due to the experience of decreased duties collected from imports of sugar, silver, cotton piecegoods and liquors. The increased import duties on machinery, raw cotton and dyes, which were originally expected to yield Rs. 207 lacs, are estimated to produce Rs. 152 lacs.

Receipts from income tax are budgetted at Rs. 18.73 crores as against 17.44 crores in the previous year and in spite of the anticipated surplus of Rs. 3¾ crores from increased rates of income tax and the levy for the first time on incomes between Rs. 2,000 and Rs. 1,000.

The revenue from salt is expected to yield Rs. 9.43 crores as against Rs. 7.05 crores in 1931-32, owing to the abolition of the credit system and the surcharge in the duty. Only Rs. 88 lacs as against Rs. 115 lacs are budgetted under other tax revenues, the decrease being due to the exclusion of the Provincial revenues of the N. W. F. Province. Opium revenues are put at only Rs. 1.33 crores, a fall of Rs. 83 lacs from the previous year's budget; the reduction is partly due to the policy of decreasing exports and partly to the two foreign Governments not purchasing their quota in 1932. As for revenues from commercial departments, railways are not expected to contribute to the General Revenue either in 1931-32 or in 1932-33. Post and Telegraphs are expected to show a loss of about Rs. 16 lacs.

Under finance heads, interest receipts are estimated at Rs. 180 lacs or Rs. 112 lacs less than the 1931-32 budget figure. This loss is attributed partly to the withdrawal of Rs. 58 lacs from the Revenue Equalisation Fund of the Gold Standard Reserve and to the reduction in the proportion which interest bearing securities bear to gold in the fund. Receipts from currency and the mint are estimated at Rs. 261 lacs, while the previous year's budget provided for a loss of Rs. 15 lacs. This improvement is expected through increased profits from the note circulation caused by the expansion of currency during the current year against treasury bills.

On the expenditure side, civil outlay is budgetted at Rs. 20.65 crores as against Rs. 23.34 crores in 1931-32 and military expenditure at the reduced figure of Rs. 46.74 crores as against Rs. 52 crores. The total decrease under both heads amounts to Rs. 7.95 crores compared with 1931-32.

A special point of note in civil expenditure is the transfer of the administration of Aden from the Bombay Government to the Central Government involving an expense of Rs. 5 lacs as against a revenue of Rs. 6¼ lacs. Another point of note is that out of the savings of Rs. 499 lacs recommended by the various retrenchment committees, Government gave effect to Rs. 433 lacs worth or nearly 87 per cent.

Commenting on the Ways and Means position for the years 1931-32 and 1932-33, the Finance Member noted first the expansion of currency by Rs. 35 crores against treasury bills. He stated that Government as the currency authority made large contractions in 1930-31 and 1931-32 in conformity with the tremendous fall in commodity prices and to avoid any inflationary tendency. The suspension of the Gold Standard in Great Britain and the linking of the rupee to sterling in September 1931 produced a complete change in the situation. A further demand for currency arose, enabling the replacement in the P. C. R. of a large portion of the treasury bills cancelled in the two previous years. The net result on the Ways and Means position of the contraction and expansion of currency during the last 3 years had been to decrease resources by about Rs. 8½ crores.

The expansion of currency by Rs. 35 crores had assisted greatly, said the Finance Member, in meeting unforeseen demands and reducing ordinary borrowings. The gross proceeds of the rupee loans had amounted to Rs. 16.95 crores as against the Rs. 15 crores estimated at the beginning of the year. Of the total Rs. 204 lacs represented conversions of maturing 1931 bonds while the total amount subscribed through the Post Offices including conversions amounted to Rs. 652 lacs. Owing to the exceptional fall in the price of Government securities, large purchases of 5 per cent. 1929-47 and 1945-55 Loans were effected from the balance of the depreciation funds of these loans. The purchases were mainly responsible for the increase of about 3 crores in the amount provided in the current year for the discharge of permanent debt.

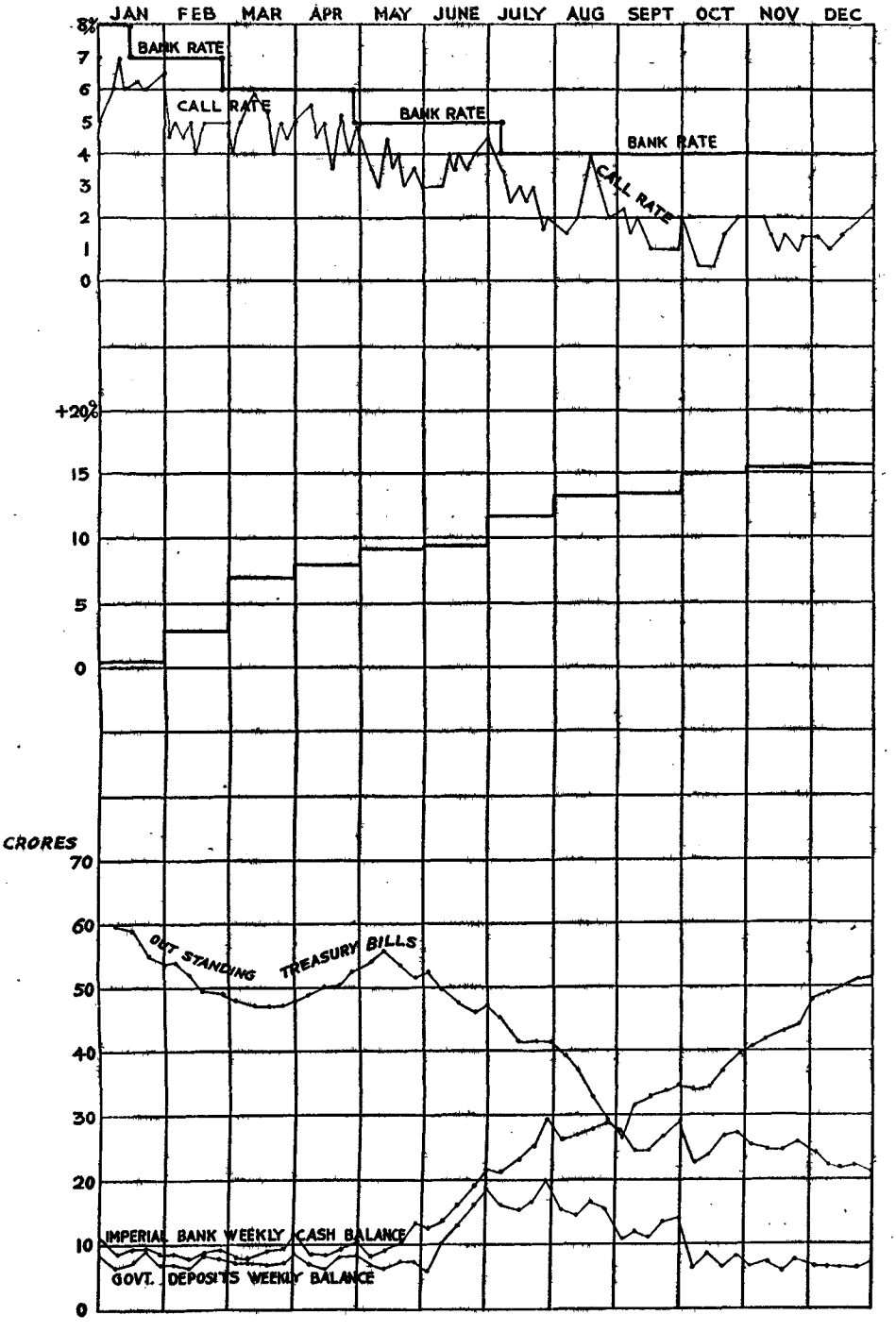
Railway operations made the Ways and Means position worse by Rs. 7.59 crores during the year 1931-32. The Provincial Loans Fund was utilised only to complete the old schemes on hand, but not for any new schemes. Where it was necessary to help agriculturists in their present

distressed conditions the Fund was used to help the Provinces. To that end the estimates had been placed at Rs. 15.41 crores during 1931-32. The deficit on the budget of 1931-32 of Rs. 13.66 crores was left uncovered and added to the public debt.

For Home Charges, the Finance Member stated that the revised figure for 1931-32 was taken at £35¼ million and adding the £9 million drawn already from P. C. R., the total sterling required to meet the Home charges would amount to £14¼ million or about £11 million more than was estimated at the beginning of the year. The year would thus close with a balance of £10.8 million which would serve as a reserve to meet sterling requirements in 1932-33 tentatively put at £24½ million.

The Budget for 1932-33 lacked the usual interest; it contained no new proposals, a fact made known to the House by H. E. the Viceroy in his speech at the opening of the session.

MONEY & GOVERNMENT SECURITIES CHART.



NOTE.—The above represent outstanding weekly balances of treasury bills, Cash balance of the Imperial Bank and Public Deposits.

——— Represents the monthly rise or fall in per cent. from the opening rates of the year on all Government securities taken at their face value of Rs. 100.

STERLING EXCHANGE.

January	Sellers of ready T.T. 1/6-3/32 and buyers 1/6-5/32. Government invited sterling tenders £1 million a week and made purchases on tap.
February	A firmer tone became manifest. Government bought large amounts of sterling at high rates.
March 3rd week	Market develops weakness.
April 6th	Government rejects all tenders for sterling and reduced the weekly tender amount to half, *i.e.*, £500,000.
April	Gold exports decline and rupee sterling rate eased further to 1/5-7/8*d*. Government received no tenders for sterling.
May 4th	Government suspended inviting tenders for purchase of sterling.
July	Sterling exchange rates improved. Large sales of T.T. effected against the sale of securities in London by Indian holders.
August 10th	Government invited tenders for £500,000 sterling.
September 8th	Amount of tenders increased to £1,000,000 weekly.
,, ...	Exchange quotations reached highest limits, *viz.*, 1/6-3/16 and continued firm until the end of the year.
October-December	Government bought large amounts of sterling weekly.

STERLING EXCHANGE.

Market opens steady.

The sterling exchange market opened steady in contrast with conditions during the first nine months of 1931, when the rupee sterling ratio was the subject of perpetual controversy and Government had to strain every nerve to maintain the lower gold point. At no time during the year 1932, did Government have to sell any sterling, but on the contrary large purchases were effected with ease at high rates from time to time.

Ready T. T. available at 1/6-1/8d.

Sellers of ready T. T. at the opening quoted 1/6-3/32*d.* with few buyers under 1/6-5/32*d.*, though business occasionally passed at the middle rate. Forward positions also were steady with February quoted at 1/6-1/16*d.*, March 1/6-1/32*d.* and April 1/6*d.* Large exports of gold and the relatively small enquiry for remittances mainly accounted for the strength. Merchandise export bills were, however, few and far between.

A firmer tone becomes manifest.

Quotations were unchanged throughout January, but in early February a slightly firmer tone was manifest. Sellers of ready T. T. now freely quoted 1/6-1/8*d.* with buyers at 1/6-5/32*d.* and there was a proportionate rise in forward quotations. The strength was largely a reflection of conditions in outside markets, where most of the gold export business was now being transacted owing to the disorganised state of the Bombay market. The quotations were unchanged up to the third week of March, when the market weakened owing to the paucity of gold export bills. The dollar sterling quotation tended to become firmer with a consequent fall in the price of gold in India which checked exports of the metal.

Market develops weakness.

Ready T. T. drops to 1/5-15/16d.

In the last week of March ready T. T. was quoted at 1/6-1/16*d.* for sellers and 1/6-3/32*d.* for buyers with a similar fall in forward quotations. In the first week of April there was yet a further drop to 1/5-15/16*d.* for sellers, but this proved to be temporary and the rate once again recovered to 1/6-1/16*d.* for sellers with few buyers at 1/6-1/8*d.* Recovery was due to the rejection of all sterling tenders by Government who had been buying a million sterling a week since the beginning of the year, in addition to large amounts on tap. Not only were the tenders rejected but the amount of weekly tenders was reduced by a half to £500,000. Tenders were once again rejected in the following week and this kept quotations steady with sellers of ready T. T. at 1/6-1/32*d.* and buyers at 1/6-1/16*d.*

Government rejects all tenders and amount reduced.

Gold exports decline and exchange rates ease.

But the volume of gold exports had shrunk so low that these rates could no longer be maintained. In the third week of April sellers of ready T. T. quoted 1/5-15/16*d.* with buyers at 1/6*d.* and even the rejection of all tenders by Government had little effect on rates. Forward quotations also declined, T. T. delivery for May being quoted at 1/5-29/32*d.* to 7/8*d.* In the last week of April no tenders

for sterling were made to Government but the quotations were practically unchanged at 1/5-15/16*d.* for sellers and 1/6*d.* for buyers of ready T. T. The market was, however, steadier owing to a weaker London-New York cross rate and tighter money caused by large purchases of treasury bills by the market with no sales of sterling to Government.

Quiet conditions continue and Government suspends invitation of weekly tenders for sterling.

In the first week of May, the rates eased 1/16*d.* to 1/5-7/8*d.* for sellers and 1/5-29/32*d.* for buyers of ready T. T. The volume of gold export was considerably reduced and there was a complete absence of merchandise bills. Government suspended the invitation of weekly tenders for sterling, as no tenders had been received in the previous few weeks, but this had little effect on rates. Quotations were unchanged throughout May, but in early June they were easier, falling 1/32*d.* to 1/5-27/32*d.* for sellers and 1/5-29/32*d.* for buyers of ready T. T. The forward positions fell proportionately, T. T. delivery July being quoted at 1/5-13/16*d.*

Market becomes steadier.

In the following week, however, the market was quite steady with sellers of ready T. T. at 1/5-29/32*d.* and buyers at 1/5-15/16*d.* The strength was largely due to larger arrivals of upcountry gold for export, the cover thus provided being more than sufficient to meet all enquiries for remittances. The rates were unchanged till about the end of the month, when the market became even steadier following the continued larger exports of gold. Sales of T. T. through the repatriation of funds released by sales of India sterling stocks in London also accounted for the strength. Sellers of ready T. T. quoted 1/5-31/32*d.* towards the end of June and by the first week of July, the quotation improved to 1/6-1/16*d.* with no buyers under 1/6-3/32*d.* Sales of India sterling stocks continued throughout July and gold exports also increased. The quotations for rupee sterling exchange remained unchanged at 1/6-1/16*d.* for sellers and 1/6-3/32*d.* to 1/8*d.* for buyers of ready T. T.

Larger sales of T. T. to repatriate funds from abroad.

Sales of India sterling stocks continue.

Government invites tenders for sterling.

With such firm conditions in the rupee sterling exchange Government on August 7, invited tenders for the purchase of £500,000 sterling on August 10. This caused a temporary though purely sentimental set-back in rates, but since sterling cover available against export of gold and sale of India sterling securities in London more than offset all enquiry for remittances, rates became firm once again. Government actually received £915,000 tenders at 1/6-3/32*d.* on August 10, and allotted only 54½ per cent. Quotations remained unchanged almost upto the end of August when they became firmer and Government were able to buy sterling at 1/6-1/8*d.* Government accordingly increased the amount of weekly tenders from £500,000 to £1 million sterling. In addition to the large exports of gold, bills in connection with jute in Calcutta and other merchandise in other centres now began to appear and accounted for the strength. Sales in connection with India sterling stocks had, however, by now become negligible.

Market firm.

Rate reaches highest point.

Rates continued to improve and in the second week of September sellers of ready T. T. quoted 1/6-1/8*d.* with few buyers under 1/6-3/16*d.* In fact Government received tenders for £575,000 at 1/6-5/32*d.* on the 14th which they accepted in full rejecting all lower offers. The tap rate was advanced to 1/6-3/16*d.*, the highest point to which it was intended to be raised. The public thereupon debated whether Government would not allow the exchange to rise above 1/6-13/64*d.*, since there was nothing in the Currency Act as amended by the Currency Ordinance issued in September 1931 and linking the rupee with sterling, that made it obligatory on Government to maintain this point. But Government made it sufficiently clear that they had no intention of allowing the rupee sterling exchange to move above 1/6-3/16*d.*; during November and December 1931, when there was a rush of gold exports and the only cover available was purchases by Government for their Home remittances, it would not have been difficult for Government to buy sterling at a higher rate than 1/6-3/16*d.*, had they desired to do so. On that factor, however, the following figures must be taken into consideration :—

Budget estimates of Home charges for 1932-33			£24.50 million.
Repayment of loans June			£ 6.00 „
Transferred to Paper Currency Reserves			£ 8.75 „
Transfers from P. C. R. in 1931-32	£23.05		
Less replaced	£ 8.75		
			£14.30 „
			£53.55 „
Deduct			
Opening balance, 1932-33	£11.04		
Loans raised April 1932	£10.00		
Sterling purchases and transfers made upto December end	£30.28		
			£51.32 „
Balance			£ 2.23 million.

It must also be borne in mind that loans bearing interest at 6 per cent. to the extent of £17 million (£7 million in June and £10 million in December) are due for repayment in 1933. The above figures justify the belief that Government will buy whatever sterling they can get at 1/6-3/16*d.* particularly as the export of gold is an uncertain source of supply of sterling and it cannot be said when it may lessen or even dry up completely.

Market continues firm.

Throughout September rupee sterling exchange remained firm and in the last week Government received £23 million sterling tenders at 1/6-5/32*d.* and the allotment was only 4-1/3 per cent. Gold exports were on the increase and a fair amount of merchandise export bills were also placed during the month. October saw no change in quotations with sellers of ready T. T. at 1/6-9/64*d.* and buyers at

1/6-11/64*d*. Forward quotations were also firm with sellers of T. T. upto December at 1/6-1/8*d*. and for January at 1/6-3/32*d*. While quotations were unchanged in the first week of November, a definitely steady tone characterised the market during the remainder of the month. Pronounced weakness in the London-New York cross rate caused a rise in the rupee price of gold and exports considerably increased. The cover thus provided was more than the market could absorb and in fact some tenders were made to Government at 1/6-3/16*d*. The tap rate, however, continued unchanged at 1/6-3/16*d*. and this proved that fears that Government would allow the rate to rise above 1/6-3/16*d*. were unjustified. Sellers of ready T. T. quoted 1/6-11/64*d*. with only a few buyers at 1/6-3/16*d*. towards the end of November.

Undertone very strong.

Throughout December, the rupee sterling exchange rates were unchanged with a firm undertone. Sellers of ready T. T. quoted 1/6-5/32*d*. with few buyers at 1/6-3/16*d*. Gold export was the mainstay of this market, though merchandise exports, particularly of cotton, also appeared on a small scale. Inquiry for remittances on the other hand continued to be negligible.

GOVERNMENT REMITTANCES.

Weekly tenders invited.

Government invited tenders every week from the opening of the year for the purchase of £1 million sterling. In the first week £25,000 were tendered at 1/6-1/8*d*. and £1,485,000 at 1/6-3/32*d*. The former amount was allotted in full, while the latter received 66 per cent. making a total of one million. In addition to weekly tenders, purchases were made on tap, the rate for which was generally fixed at 1/32*d*. above the highest tender rate. One million sterling was bought by tender every week in January at 1/6-3/32*d*. but the allotment percentage varied from week to week ranging between 21 and 26 per cent. In addition £2.9 million were bought on tap at 1/6-1/8*d*.

Purchases on tap.

Exchange rates steady.

The rupee sterling exchange became steadier in early February and tenders to the extent of £1,245,000 were made in the first week to the Government at 1/6-1/8*d*., of which 80 per cent. were allotted. The tap rate was raised to 1/6-5/32*d*. In the following week also they bought £1 million by tender at 1/6-1/8*d*. but the allotment this time was only 8 per cent. In the third week, £20,000 were tendered at 1/6-5/32*d*. and more than 9 million at 1/6-1/8*d*. and the allotment in the latter case was only 11 per cent. The tap rate was unchanged at 1/6-5/32*d*.

Volume of tenders reaches high proportions.

The volume of tenders in the last week of February and in the first three weeks of March at 1/6-1/8*d*. reached huge proportions and Government accepted £1 million every week, but the allotment was very small ranging between 4 and 10 per cent. Side by side with £1 million a week bought by tender, Government bought £4,273,000 on tap during February and the first three weeks of March at 1/6-5/32*d*. In the last week of March, rupee sterling exchange was somewhat quieter and tenders to Government at 1/6-1-8*d*. shrank to £2,680,000 and the allotment was 37 per cent. this time.

During the first quarter of 1932, Government bought £20,237,000 sterling and during the fiscal year 1931-32 such purchases amounted to £40,049,000. The total remittances to the Home Treasury during the financial year 1931-32 amounted to £63,096,804, of which £14,047,804 represented sales of sterling.

Total purchases during the first quarter.

Sterling exchange was very quiet in the first week of April and Government rejected all tenders received on the 6th. At the same time the amount of weekly tenders was reduced by half to £500,000. On the first two days of April, however, Government bought £37,000 on tap. All tenders were again rejected in the following week, but £186,000 were bought on tap and in addition £ 715,000 were taken over in London, making a total of £938,000 in the current fiscal year. As no tenders were received in the following three weeks, Government announced on May 4 that no tenders for sterling would be received until further notice.

Exchange rates quiet.

Government suspends sterling purchases.

No purchases of sterling were made by Government between May 4 and August 10, when tenders for £500,000 were invited. The sterling market in the interim had again become very steady owing to large shipments of gold and other merchandise exports. Tenders to the amount of £915,000 at 1-6-3/32*d.* were received and about 54½ per cent. allotted; the rate for intermediates was fixed at 1-6-1/8*d.* In the following week very large applications amounting to over £ 7 million sterling were received and approximately 7 per cent. was allotted. Tenders in the third week were however, much smaller at £ 1,685,000 and the allotment was 30 per cent. In the last week of August sterling exchange became very firm and tenders were made to Government at 1/6- 1/8*d.* to the amount of £5,435,000, of which only 9 per cent. was allotted. Government accordingly increased the amount of tenders to £ 1 million from September 8. Tenders for over £21 million at 1/6-1/8*d.* were received and approximately 4½ per cent. was allotted. The tap rate was fixed at 1/6-5/32*d.* at which rate also some sales were made to Government. In the following week tenders to the amount of £ 575,000 at 1/6-5/32*d.* were received and allotted in full. Lower tenders were rejected and the tap rate was raised to 1/6-3/16*d.* In the third week of September tenders for only £150,000 at 1/6-5/32*d* were received. Government accepted these in full, but still rejected all lower tenders. In the last week tenders at 1/6-5/32*d.* were very large amounting to over £23 million of which only 4⅓ per cent. were allotted.

Tenders resumed.

Exchange firms and amount of tenders increased.

Large tenders received.

The volume of tenders grew smaller during October, but Government were still able to buy a million sterling a week by tender at 1/6-5/32*d.*; the percentage of allotment was much larger and ranged between 45 and 60 per cent. The falling off in tenders was probably due to the smaller exports of gold and the almost complete absence of merchandise exports. During November, following weakness in the London-New York cross rate the price of gold rose considerably and there were large sales for export. Sterling exchange thus became firmer and the tenders to Government once again became larger. In addition, fair

Volume of tenders declines.

Tenders increase again.

amounts were sold on tap. Tenderers received only 2 to 3 per cent. at 1/6-5/32*d.* in the first two weeks and in the third week £ 200,000 were tendered at 1/6-3/16*d.*—Government's tap rate. Government however did not raise the tap rate, which remained unchanged at 1/6-3/16*d.* In the last week no tenders were made at 1/6-3/16*d.* but a fair amount was reported to have been tapped at 1/6-3/16*d.* Tenderers at 1/6-5/32*d.* received, however, approximately 2 per cent.

Tap rate unchanged at 1/6-3/16*d.*

Government bought a million sterling a week in December by tender at 1/6-5/32*d* and in addition secured £5,411,000 at 1/6-3/16*d.*

The total amount of sterling purchased and remitted by the Government of India to the Secretary of State during the calendar year aggregated £50,526,000 of which £20,237,000 was remitted between January 1 and March 31, 1932.

DOLLAR STERLING & FRANC STERLING CROSS RATES.

The dollar sterling and the franc sterling cross rates moved erratically in 1932 because of Britain's departure from gold. Changes depended largely upon the world economic factors and the attitude of speculators and ordinary trade factors were of minor account. The fluctuations in the dollar and the franc rate in regard to the pound sterling were generally identical and the small variations were quickly adjusted by the movement of gold bullion.

Cross rates move erratically.

The tendency at the opening of the year was for sterling to appreciate, but there were wide day to day fluctuations. The dollar rate opened at \$3.41½ and the franc at 86.75, but rates improved in the second week to \$3.49¼ and 88.93 respectively. At this juncture there was a reaction and the quotations after declining to \$3.43¾ and 87.00 closed at the end of January at \$3.45⅞ and 87.84 respectively.

Pound sterling opens steady.

During February the fluctuations were comparatively narrow but sterling tended to appreciate. The dollar ranged between \$3.48⅝ and \$3.42⅜ and the franc between 88.34 and 86.78.

Fluctuations narrow.

While there was little change in quotations in the first week of March, the pound sterling appreciated considerably during the second week. The dollar was quoted at \$3.71½ and the franc at 94.56 on March 8, but there was a reaction at this level to \$3.64 and 92.43 respectively. In the following two weeks fluctuations were again narrow, but towards the end of the month, there was a sharp rise in the sterling dollar and sterling franc rates. The former advanced to \$3.82⅞ and the latter to 96⅛ on March 28 and after a temporary reaction to \$3.78 and 95.25, the rates improved to \$3.81 and 96.25 respectively.

Sterling appreciates.

During the first three weeks of April, the fluctuations were narrow, the dollar moving between \$3.75¼ and \$3.81 and the franc between 95 and 96⅝.

April a dull month.

The British Budget was presented to Parliament on Tuesday, April 19, by Mr. Neville Chamberlain, the Chancellor of the Exchequer. Among other measures proposed he announced the creation of an Exchange Equalisation Account for which he would ask for powers to borrow an amount not exceeding £150 million. This, he said, was necessary to enable London to function effectively as the main international financial centre and to meet sudden withdrawals of short-term funds invested there.

Exchange Equalisation fund created.

Following this announcement it was generally expected that the pound sterling would appreciate further. On the contrary, however, and within a day or two of this announcement sterling sagged. The considerably reduced shipments of gold from India to London round about this time had perhaps something to do with the fall in the cross rate. The sterling dollar rate dropped from \$3.75¼ to \$3.64⅛ and the franc from 95 to 93·3 in the last week of April, but the dollar however reacted at this level to \$3.65¾ at the close. In the last three weeks of May and during the first half of June, the fluctuations were again narrow, the dollar varying between 3.69¼ and \$3.64⅝ and the franc between 93.56 and 92.53, although on May 28, the dollar rate temporarily touched 3.72¼.

Sterling sags.

At this stage, however, there was a definite downward tendency in sterling. Every movement upwards induced fresh speculative sales so that on balance sterling depreciated all the more. By the end of July the dollar rate was down to \$3.50½ and the franc to 89 7/16. At this level, the British Government were reported as trying to maintain the exchanges and it was even rumoured that they were aiming at stabilisation of the pound, if not legally at least *de facto* at about the prevailing rates. Throughout August and September the dollar rate was well maintained between \$3.45½ and 3.51½, while the franc moved between 89¾ and 88·12.

Downward tendency in sterling.

British Government maintains exchange rates.

Although there was practically no change in the quotations in the first two weeks of October the undertone was none too strong, because of the usual autumn rush for payments and the uncertainty about the war debt payment to the U. S. A. on December 15. It was also reported that the British Treasury had exhausted almost all the foreign balances with which exchanges could be equalised.

Autumn rush begins.

In the third week of October, the pound depreciated sharply to \$3.37⅛ and to 86¼ francs. In the last week there was a further drop of 10 points in the dollar rate to 3.27½ and of 2¼ points in the franc rate to 83½. This level was maintained upto the third week in November, when further weakness developed following the controversy between Great Britain and the United States over the payment of a war debt instalment, fluctuations being guided by the indications of the American attitude. The dollar rate dropped to \$3.15⅛ and the franc to 80·59 on November 29, the lowest recorded since Great Britain abandoned the gold standard in September 1931. There was, however, a reaction at the lower levels and the dollar gradually improved to \$3.28½ and the franc to 84.18 on December 14.

Pound depreciates.

War debt question.

Dollar & Franc reach lowest recorded rates.

After protracted deliberations, the British Government decided to pay the war debt instalment of £19,500,000 in gold bullion. The gold was earmarked at the Bank of England and was kept at the disposal of the Federal Reserve Bank of New York, the latter having paid to the U.S. Treasury the required quantity of gold on the due date on behalf of the British Government.

British Government pays war debt in gold.

French Government declines to pay.

The French Parliament, however, declined to sanction a payment to America and the Government had to resign.

Pound appreciates and closes steady.

The effect on the exchanges of the British payment was immediate, the pound sterling appreciating in relation to the dollar and even more so proportionately to the franc. The sterling dollar rate improved steadily to $3.34½ on December 22 and after reacting to $3.30-15/16 closed at the end of the year at $3.32-7/8. French francs after depreciating to 85.01 closed at 85.31.

GOLD.

January	Business in the local market was confined to ready, the forward market being disorganised. Gold business was diverted to other centres, *viz.*, Calcutta and Madras. Market was quiet at the opening.
February	Fluctuations were narrow but shipments of gold were large and aggregated Rs. 16.84 crores in two months.
March	There was sharp appreciation in pound sterling and the price of gold fell from Rs. 27 to Rs. 26-8 per tola. Export of gold declined.
April to 1st half June ..	There were small fluctuations in the price of gold and exports declined.
2nd half of June	Pound sterling depreciated and price of gold improved. Riots in Bombay checked arrivals from upcountry.
July	Sterling depreciated further and gold prices rose. Fluctuations were narrow during the latter part.
August	Depreciation of sterling continued and price of gold improved further.
September	Variations were small but export of gold increased.
October	There was pronounced weakness in sterling with consequent rise in the rupee price of gold.
November	Rates were comparatively stable during first half but were highly erratic towards the close. Highest rate of the year reached Rs. 32-1-6 on 29th in consequence of record low sterling.
December	Forward dealings started in gold and market fluctuated normally. Sterling improved towards the close and the price of gold declined, closing at Rs. 30-5-0.

GOLD.

Gold prices fluctuate throughout.

The price of gold was continually fluctuating during 1932. The movements in the pound sterling in terms of gold and gold exchanges were the sole guiding factor for the rupee price of the metal, since the rupee by the currency Ordinance of September 22, 1931, had been linked to sterling.

Business confined to ready.

Business in the local market was largely confined to ready the forward market being disorganised owing to political troubles upto almost the close of the year. There was little local offtake and all the business transacted in ready was for the export of the metal. Owing to disturbed conditions in the local Bullion Exchange, the gold business was gradually diverted to such other markets as Calcutta and Madras ; shipments, however, were made from Bombay, parcels being consigned to this Port direct from other centres.

Gold business diverted to other centres.

Market opens quiet.

Rates were quiet at the opening of the year in sympathy with the appreciation of the pound sterling in relation to gold currencies. The price of ready opened at Rs. 29-10 per tola and declined to Rs. 28-12 in the following week. The sovereign which was quoted at Rs. 18-12 dropped proportionately to Rs. 18-9 both for ready and January 21 settlement. The price changes were comparatively small till the end of February and ready ranged between Rs. 28-12 and Rs. 29-8 per tola. The quotation for sovereigns varied between Rs. 18-4 and Rs. 18-10. Shipments of gold abroad during the two months were quite large aggregating Rs. 16.84 crores making a total of Rs. 52.53 crores since the movement started in September 1931.

Narrow fluctuations.

Large shipments.

Sharp appreciation in pound stg. and gold price falls.

Early in March there was a sharp appreciation in the pound sterling with the New York-London rate moving from $3.48 to $3.71½ and the Paris-London rate from 88½ to about 94½ to the pound. The price of ready gold in the local market fell from Rs. 29, which it had more or less maintained during the previous two months to Rs. 26-8 per tola on the 9th. The quotation for sovereigns declined proportionately to Rs. 17-4 each for ready as well as for delivery on March 11. There was a reaction at the lower levels and the price of ready gold moved up to Rs. 28 per tola and that of sovereigns to Rs. 17-12 in conformity with a fall in the cross rate. The sharp fall in the price of gold in the early part of the month somewhat retarded export, holders being unwilling to part with the metal at lower rates. In the two following weeks there was little change in quotations, the price of ready gold being maintained between Rs. 27-10 and Rs. 27-15 and sovereigns between Rs. 17-9 and Rs. 17-12 . In the last week, there was a sharp rise in the

Gold export declines.

Further rise in pound sterling.

New York-London rate from $3.64 to $382⅞ to the pound and accordingly the price of ready gold in the local market declined to Rs. 26-6 per tola and after a slight recovery to Rs. 27-3 dropped again to Rs. 26-12. The rate for sovereigns declined to Rs. 16-3 each.

Gold exports.

The export of gold during March amounted to Rs. 6.88 crores compared with Rs. 7.57 crores in February and Rs. 9.27 crores in January and thus the total exports since September 1931 aggregated Rs. 59.41 crores.

Small fluctuations.

During the first three weeks of April the price of gold was little changed from around Rs. 27 per tola and the volume of turnover was restricted. Arrivals of ready gold from up-country were reduced and the local forward market continued to be neglected. In the last week, however, there was a sharp rise in the price of ready gold to Rs. 28-4 per tola in sympathy with the weakness of sterling.

Arrivals from up-country reduced.

The price of sovereigns advanced to Rs. 17-14, but despite higher rate arrivals from up-country showed little change. Exports of gold during April amounted to Rs. 4.24 crores.

Dull conditions continue.

The quotation of ready gold declined to Rs. 27-15 and of sovereign to Rs. 17-11 in early May. Throughout May and during the first half of June, the fluctuations were narrow and the price of ready gold ranged between Rs. 27-12 and Rs. 28-4 per tola and that of sovereigns between Rs. 17-7 and Rs. 17-12 each. In the third week, however, following a

Sterling depreciates.

depreciation of sterling, the price of ready gold improved to Rs. 28-8-6 per tola and of sovereigns to Rs. 17-14-3, these rates being maintained almost up to the end of the month. Higher prices, however,

Communal riots check gold arrivals in Bombay.

did not induce larger exports and arrivals from up-country in Bombay were particularly small owing to serious communal riots in the City. The shipments during May and June aggregated Rs. 8.17 crores, making a total of Rs. 71.82 crores since September 1931.

Pound depreciates further.

The pound sterling depreciated further in the first week of July on unfavourable advices concerning the progress of the Reparations Conference at Lausanne. Accordingly the rupee price of ready gold advanced to Rs. 28-11 per tola and that of sovereign to Rs. 18. The fluctuations at this time depended largely upon the tone of the news regarding the progress of the Lausanne Conference. In the last three

Narrow fluctuations.

weeks of July there were day to day changes and the price of ready gold varied between Rs. 28-7 and Rs. 28-14-6 per tola and that of sovereigns between Rs. 17-13-9 and Rs. 18-1-6 each. The exports during the month amounted to Rs. 6.17 crores.

Throughout August, the pound sterling tended to depreciate so that the rupee price of gold began to advance. The improvement, however, was gradual since there were no sharp changes in the cross rate. The price of ready rose to Rs. 29-7 per tola in the second week and after narrow fluctuations was quoted at Rs. 29-2 at the end of the month. Sovereigns, however, commanded a premium in terms of gold and were quoted comparatively higher. Forward dealings in sovereigns unlike those for bar gold were now freely done and the technical position of the market was largely responsible for the premium obtained on these coins. The highest quotation during this period was Rs. 18-12, but towards the end of the month the premium tended to dwindle and the rate after touching Rs. 18-5-6 closed at Rs. 18-7-6. Shipments of gold abroad during August amounted to Rs. 4.51 crores.

Lower tendency in sterling continues.

There were comparatively small variations during September, but the arrivals of ready gold from up-country began to increase, so that shipments abroad during the month were comparatively large at Rs. 6.56 crores compared with Rs. 4.51 crores in August and Rs. 6.17 crores in July. Quotations for ready gold in the local market were somewhat quieter during the early part of the month, but improved during the latter half. The lowest rate of the month was Rs. 28-14-6 on the 8th and the highest Rs. 29-5-6 on the 29th. The quotation for sovereigns ranged between Rs. 18-2-6 and Rs. 18-6-6 with a fair turnover for forward deliveries.

Small variations and export increases.

While there was little change in quotations in the first week of October, there was a pronounced weakness in sterling in the second week and the price of ready gold in the local market advanced from Rs. 29-3-0 to Rs. 29-7-6. The quotation for sovereigns improved to Rs. 18-10 for ready and Rs. 18-9 for delivery November 12 settlement.

Pronounced weakness in sterling and consequent rise in gold price.

Sterling continued to depreciate and the price of ready gold touched Rs. 31-1 by the end of October. There were now wide fluctuations in the cross rate such as had not been witnessed since July. Sudden and sharp rise in the price of gold caused bear covering in the local market and most of the arrivals from up-country were absorbed by the market to fulfill outstanding contracts with the Banks, fresh bank purchases being very small during this period. Sovereigns rose in sympathy to Rs. 19-11 and once again commanded a premium owing to their speculative nature.

Depreciation continues and causes short covering.

Rates were comparatively stable during the first half of November in sympathy with the cross rate and the price of ready gold ranged between Rs. 30-5 and Rs. 30-14 per tola. The quotation for sovereigns varied between Rs. 19-3 and Rs. 19-8. But the high prices, which were reached for the first time since November/December 1931, induced larger arrivals from up-country and the volume of shipments abroad increased considerably. The total exports during October amounted to Rs. 5.67 crores and during November Rs. 6.71 crores making a total of Rs. 101.45 crores since September 1931.

Rates comparatively stable.

In the latter part of November and the first half of December fluctuations in the cross rate once again became highly erratic, causing sharp movements in the rupee price of gold. The fluctuations in the cross rate were occasioned by the negotiations between England and the other European countries and the United States regarding the payment of the instalment of war debts due to the latter before the end of the year. Several notes were exchanged between the British Government and other debtor countries and the United States administration during this period and the consideration these received as reported in the press from time to time had much to do with the changes in the dollar sterling quotation which in its turn reacted on the local market.

Erratic fluctuations in the cross rate.

Following an appreciation of sterling to $3.34 on the 14th the rupee price of ready gold dropped from Rs. 30-7 to Rs. 30 per tola and that of sovereigns to Rs. 18-12-6 each. There was, however, an equally sharp reaction at this level in sympathy with a fall in sterling dollar quotation to $3.28 on the 17th and the price of gold jumped up to Rs. 30-12-6 per tola and that of sovereigns to Rs. 19-5-6. There was large turnover in ready gold during this period.

Sterling appreciates temporarily and gold prices decline.

The depreciation of sterling continued during the latter half of November although there were wide day to day fluctuations; the pound sterling in terms of the dollar and the franc touched the lowest levels on record of $3.15⅛ and 80.59 respectively on November 29th, at which level a reaction occurred and the former improved to $3.28½ and the latter to 84.18 on December 14th. Trading in the local market was brisk, prices moving with changes in the cross rate. The highest quotations touched for ready gold and sovereigns which were also the highest on record since September 1931 were Rs. 32-1-6 and Rs. 20-1-6 respectively on 29th.

Sterling depreciates and reaches lowest point of the year.

Gold rates touch the highest point of the year.

Activity in the gold market was further augmented by the opening of forward dealings in bar gold after a closure of some 11 months. The bullion exchange was from now on functioning in a normal way and it was confidently expected that gold business which had been diverted to other centres would revert to Bombay, the prime market for bullion in India.

Forward dealings open in gold market.

The improvement in the sterling dollar cross rate continued during the second half of December and consequently the rupee price of gold declined persistently touching Rs. 30-3 on December 22nd. The tone of the market was distinctly bearish and the local bazar carried large oversold position with Banks which was estimated at about 700,000 tolas.

Sterling improves.

A slight reaction occurred in the sterling dollar cross rate at the level of $3.34\frac{5}{16}$ and the bazar fearing a further appreciation in the cross rate with a consequent rise in the price of the metal in the local market began to cover their short sales. The price of ready gold advanced to Rs. 30-10 on the 23rd, although the fall in the cross rate did not exceed 2 cents. But as the cross rate was maintained at the lower level the quotation in the local market dropped to Rs. 30-4 but closed at Rs. 30-5. The arrivals from up-country increased as the price dropped and the total export during December amounted to Rs. 10·13 crores, making a total of Rs. $111\frac{1}{2}$ crores since the movement began.

Reaction occurs.

Sovereigns moved sympathetically with gold, the highest rate being Rs. 20-1-6 and the lowest Rs. 18-15 during the last month of the year. Attention in forward trading was now, however, largely diverted to bars and the volume of turnover in sovereigns was comparatively small.

SILVER.

January	Market was inactive and speculation at a low ebb. Stocks were heavy at 10,000 bars and offtake low at 25 to 30 bars a day. Price of ready dropped Rs. 5 per 100 tolas. During the month, silver was exported to London.
February	There were wide movements but trading was small and tone at the end was steady.
March	Prices reacted from higher levels.
April	Market continued easy during the first half but prices improved during the latter half.
May to 1st half of June ..	Narrow fluctuations with quiet undertone.
2nd half of June	Prices fell.
July and August	Steady tone prevailed with small business.
September-November ..	Dull conditions prevailed in the silver market.
December	Market developed weakness and prices fell sharply, touching the lowest of the year Rs. 48-14-0.

SILVER.

The silver market in 1932 lacked the pre-budget activity which characterised it in the previous two or three years, since the annual budget for 1932-33, to be presented at the end of February, was expected to contain no changes, but merely to reiterate the contents of the Supplementary Finance Bill passed in September 1931. Speculation in the local market was slight and the burden of heavy stocks aggregating about 10,000 bars with a very poor offtake of about 25 to 30 bars a day depressed rates well under the import parity. While quotations in the other principal silver markets showed comparatively small variations, prices in the local market sagged considerably and it was expected that such silver bars as were entitled to a full drawback of the import duty on the metal would be profitably exported abroad, where prices were higher. The major portion of the stocks in the local market are of Indian Mint refined silver and are therefore not entitled to a drawback of duty which amounts to as much as Rs. 17-9-3 per 100 tolas or about Rs. 500 per bar of 2,800 tolas.

Market opens inactive.

Heavy stocks and low offtake.

Prices sag.

The price of ready silver opened at Rs. 62-2 per 100 tolas with the Shanghai tael quoted at 1*s.* 11¾*d.* and the London spot silver at 20 7/16*d.* per standard ounce. By the third week of January, the price of ready in our market had dropped by nearly Rs. 5 to Rs. 57-8 per 100 tolas. The Shanghai tael during the same period declined by 1¼*d.* to 1*s.* 10 9/16*d.* recovering later to 1*s.* 10¾*d.* and the price of the metal in London fell a penny per standard ounce to 18 15/16*d.* Local stocks were estimated at about 11,000 bars despite negligible imports and the export of about 1,530 bars to London. Large quantities of distress and perhaps smuggled silver were arriving in Bombay daily and swelling stocks. The offtake on the other hand was very small averaging only some 20 to 25 bars a day. Business in the forward market was also neglected.

Undertone easy.

Stocks mount and silver bars exported to London.

There was a slight reaction in prices in the last week of January and the quotation for ready in the local market advanced to Rs. 58-14 per 100 tolas, which was about 6 annas under that for February settlement. This discount on ready was due to heaviness of stocks and the poor offtake, though money rates were higher at 6 to 7 per cent. The Shanghai tael improved to 1*s.* 10⅞*d.* and the price in London to 19½*d.* per standard ounce.

Slight reaction occurs.

There were wide movements in all the principal silver markets in the first week of February, but business remained restricted. The price of ready in the local market ranged between Rs. 58 and Rs. 58-12, the Shanghai tael between 1*s.* 10½*d.* and 1*s.* 11⅛*d.* and the price of spot silver in London between 19 5/16*d.* and 20*d.* per standard ounce. The discount on ready silver in our market had by now increased to 12 annas per 100 tolas.

Wide movements and steady tone.

A steady tone was maintained till almost the end of February and prices improved. Ready silver in our market advanced to Rs. 61 per 100 tolas on February 24, the Shanghai tael to 2*s.* $0\frac{3}{16}$*d.* and the London spot price to $19\frac{15}{16}$*d.* per ounce. Weaker dollar sterling cross rate and the disturbed political conditions in China explain the advance in prices. In spite of the improvement, there was no greater activity in the local silver market. The offtake still averaged about 30 bars a day, while stocks stood at about 12,500 bars despite the further shipment of about 600 bars to London.

Prices improve but trading small.

A price reaction soon followed, the Shanghai tael falling from 2*s.* to 1*s.* $10\frac{7}{8}$*d.* on March 4. The price of ready in the local market dropped from Rs. 61 to Rs. 57-8 per 100 tolas and the quotation in London for spot declined from $19\frac{15}{16}$*d.* to $19\frac{3}{8}$*d.* per ounce. The discount on ready silver in the local market rose as high as Re. 1-4 per 100 tolas.

Prices react at higher levels.

In the second week of March, the London-New York cross rate hardened so that silver was weaker in the principal markets. There was a drop of about Rs. 2 in the local quotation to Rs. 55-10 per 100 tolas for ready. The Shanghai tael dropped from 1*s.* $10\frac{7}{8}$*d.* to 1*s.* $9\frac{1}{4}$*d.* and the price in London from $19\frac{1}{4}$*d.* to $17\frac{1}{2}$*d.* per ounce. There was then a slight improvement through a fall in the cross rate and the price of ready advanced to Rs. 56-14 on the 12th. All these changes left the volume of business in the local market unaffected. The offtake still averaged 30 bars a day and stocks were estimated at about 12,000 bars.

Sagging tendency continues.

In the third week of March, the market was dull and movements were narrow. The price of ready ranged between Rs. 56 and Rs. 57 per 100 tolas ; the tael between 1*s.* 10*d.* and 1*s.* $9\frac{5}{8}$*d.* and the quotation in London between 18*d.* and $18\frac{7}{16}$*d.* per ounce. Towards the end of the month, however, silver became weaker following an appreciation of the pound sterling. The price of ready in our market fell to Rs. 54-1 on the 29th, the tael dropped from 1*s.* $9\frac{7}{16}$*d.* to 1*s.* $8\frac{9}{16}$*d.* and the London spot price from $18\frac{7}{16}$*d.* to $17\frac{11}{16}$*d.* per ounce.

Dull market.

Imports of silver during the first quarter amounted to about 1,050 bars, a smaller amount than the re-exports which totalled about 2,135 bars. It seemed strange that stocks of Indian Mint silver should be mounting up in the local market, while gold exceeding Rs. 59 crores in value exported between September 1931 and March 1932 had certainly relieved to some extent the distress existing among agriculturists and reduced their need of selling silver. Furthermore, there had been a definite movement upcountry of rupee coins from the Treasury which in itself was a sufficient proof that the large qu-antity of Indian Mint silver accumulated in Bombay was not wholly from distress sales. It was obvious from these facts that the smuggling of silver on a large scale was continuing undetected and that unless stricter vigilance was exercised by the authorities, the revenue budgetted for from the silver duty (about 160 lacs for 1932-33) would not materialise. Although the up-country offtake for trade had dwindled in Bombay, it was being met from the same illicit source.

Silver imports.

During the first half of April, the silver market remained easy following advices from other centres. Renewed talks at this juncture about an international conference on silver gave little strength to prices for no one seriously believed that any good would come from such a conference. The price of ready in our market declined from Rs. 54-12 to Rs. 53-7 per 100 tolas; the Shanghai tael dropped from 1*s.* 8$\frac{9}{16}$*d.* to 1*s.* 7$\frac{11}{16}$*d.* and the quotation in London from 17$\frac{1}{2}$*d.* to 16$\frac{1}{2}$*d.* per ounce. The discount on ready had by now become negligible owing partly to cheaper money.

Market remains easy.

During the last fortnight of April the London-New York cross rate weakened and the price of silver rose accordingly in all the markets. The quotation for ready in Bombay advanced to Rs. 55-14 on the 27th, the tael rose to 1*s.* 8$\frac{3}{8}$*d.* and the London spot price to 17$\frac{3}{16}$*d.* per ounce. The local offtake during this period was somewhat better at about 60 bars a day while stocks in absence of fresh arrivals declined to about 11,000 bars at the end of April.

Prices improve slightly.

The price improvement proved temporary, however, and after narrow day to day fluctuations, ready in the local marked declined to Rs. 54-6 in the first week of May. The tael ranged between 1*s.* 8*d.* and 1*s.* 7$\frac{1}{2}$*d.* and the price of spot silver in London between 16$\frac{7}{8}$*d.* and 16$\frac{9}{16}$*d.* per ounce. In the following week prices rallied one to two points. Throughout the remainder of May and upto the third week of June, the fluctuations were narrow and the undertone was steady. The price of ready in the local market fluctuated between Rs. 56-5 and Rs. 55-0 per 100 tolas during this period. The Shanghai tael moved between 1*s.* 8$\frac{3}{4}$*d.* and 1*s.* 7$\frac{7}{8}$*d.* and the London spot silver between 17$\frac{3}{8}$*d.* and 16$\frac{9}{16}$*d.* per ounce. The offtake in the local market again declined to about 25 bars a day, but stocks in the absence of arrivals either from abroad or up-country declined to about 8,700 bars by mid-June.

Rise proves temporary.

Fluctuations narrow.

The pound sterling which had remained fairly stable during several previous weeks showed signs of weakness during the latter half of June. This affected the price of silver adversely and the rate for ready in the local market dropped from Rs. 56-3 to Rs. 54-7 per 100 tolas towards the end of June; the fall was, however, out of all proportion to the decline in either the Shanghai tael or the price of the metal in London. The former receded from 1*s.* 8$\frac{3}{16}$*d.* to 1*s.* 7$\frac{5}{8}$*d.* and the latter from 17*d.* to 16$\frac{5}{8}$*d.* per ounce. The premium on one month forward delivery which was negligible at the beginning of the month widened to as much as ten annas per 100 tolas at the end. This was due to persistent rumours of a partial reduction in the import duty on silver and the heaviness of ready stocks at 8,500 bars with a continued poor offtake of about 25 bars a day. Borrowing for forward business, on the other hand, was easy, call funds being available at 3 to 3$\frac{1}{2}$ per cent.

Prices fall.

During July the silver markets remained fairly steady, prices fluctuating but narrowly. The price in our market for ready fluctuated between Rs. 55-3 and Rs. 54-2 per 100 tolas and was about 12 annas to Re. 1 under that for one month forward delivery. The Shanghai tael moved between 1*s.* 8$\frac{5}{16}$*d.* and 1*s.* 7$\frac{1}{2}$*d.* and the price in London between 17$\frac{1}{4}$*d.* and 16$\frac{9}{16}$*d.* per ounce. Forward business in

Quotations maintained.

local market was transacted in the first week of July on a scale unknown for several months past and it looked as though speculators were after all getting interested. But it was just a temporary interest and there was soon hesitancy owing to the renewed crop of rumours about the silver import duty. The off-take showed no change at 15 to 20 bars a day and stocks amounted to about 8,300 bars at the end of the month.

Steady tone continues.

The marked steadiness during July continued throughout August and prices advanced substantially in the second week. During the rest of the month there were frequent though small day to day changes, the weakness in the sterling dollar rate imparting firmness. The price of ready advanced to Rs. 57-7 per 100 tolas on the 12th and after declining to Rs. 55-3 in the third week improved to Rs. 57-8 at the end of the month; the tael rose from 1*s.* $8\frac{5}{16}$*d.* to 1*s.* $9\frac{5}{16}$*d.* and after dropping to 1*s.* $9\frac{1}{8}$*d.* advanced at the close to 1*s.* $9\frac{7}{8}$*d.* The quotation in London for spot silver touched $18\frac{15}{16}$*d.* on the 11th and after receding to $17\frac{15}{16}$*d.* rallied to $18\frac{9}{16}$*d.* on the 30th. The quotation for one month forward delivery in the local market still commanded a premium of about Re. 1 per 100 tolas. The rise in price caused larger arrivals of silver in Bombay from up-country and stocks at the end of August had risen to about 10,000 bars. The off-take, however, was still unchanged at about 20 bars a day.

Temporary spurt in rates.

During the first week of September silver market remained steady to firm with the price of ready quoted as high as Rs. 57-12 per 100 tolas on the 6th. The spurt was only temporary following a rise in the Shanghai tael and the price of the metal in London. The premium on one month forward delivery in the local market dwindled, however, to about five annas through the then general disbelief in the rumours about the silver duty. That there was any premium at all was due to the heaviness of stocks and the poor daily off-take. The market was quiet in the second week in sympathy with the general slump in commodity prices particularly in that of raw cotton, which dropped by nearly Rs. 50 per candy. The slump induced bulls to unload and created fresh bear sales. The price of ready in our market dropped from Rs. 57-12 to Rs. 55-6 on the 17th and the Shanghai tael fell from 1*s.* $9\frac{3}{4}$*d.* to 1*s.* $9\frac{1}{16}$*d.* The quotation for spot silver in London declined from $18\frac{13}{16}$*d.* to $17\frac{9}{16}$*d.* per ounce. The daily off-take in our market remained unchanged at about 15 to 20 bars being uninfluenced by changes in the price and stocks at about 10,000 bars were little altered.

Dull conditions prevail.

During the last two weeks of September, throughout October and almost upto the end of November, the silver markets continued dull and featureless. Even the weakness in the London-New York cross rate towards the latter part of November had little effect on prices. Trading was as restricted as usual and confined largely to carry-overs. Price movements were also narrow. In the local market, the price of ready moved between Rs. 55-10 and Rs. 56-12 although on one or two occasions it temporarily touched to Rs. 55-4 per 100 tolas. One month forward delivery was quoted about 5 annas higher than ready and two months forward about 10 annas higher. The premium was entirely due to heavy stocks of ready silver amounting to about 10,000 bars and the continued small off-take of 15 to 20 bars a day.

The Shanghai tael during this period fluctuated between 1*s*. 9⅞*d*. and 1*s*. 8 15/16*d*. and the price of the metal in London varied between 18⅝*d*. and 17 2/16*d*. per standard ounce for ready delivery. Large exports of surplus silver aggregating 5.945 million ounces were made during these two months to London by the Government of India.

Narrow movements in the Shanghai tael.

In the first week of December, the local silver market weakened and there were large sales by weak holders and tired bulls. The price of ready fell from Rs. 55-3 to Rs. 50-8 and after a temporary recovery to Rs. 51-8 declined to Rs. 50-10. Fresh rumours regarding a reduction in the import duty on silver were largely responsible for the nervous state of the market. The off-take was somewhat better at about 45 bars, while stocks continued heavy at about 10,000 bars.

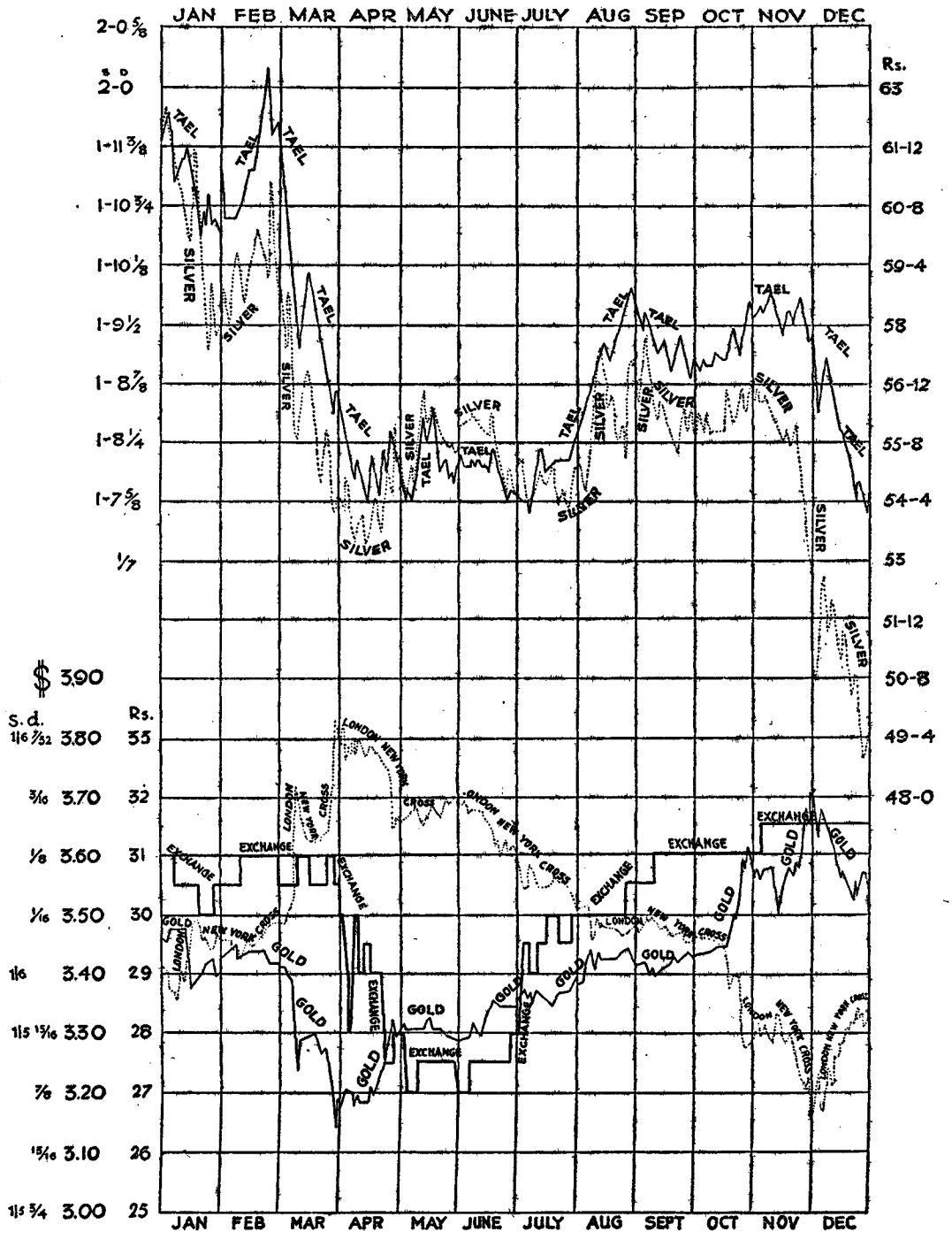
Market develops weakness.

During the remainder of December, market movements were narrow. The price of ready fluctuated between Rs. 52-10 and Rs. 48-14, while trading was restricted as activity in the bullion market was centred on gold, the market for which was then very brisk. The daily off-take towards the end of the month showed a slight improvement and averaged 70 bars ; stocks in the absence of fresh supplies declined to about 9,000 bars. Conditions in our market were a reflection of influences in outside centres, the Shanghai tael having declined from 1*s*. 8 3/16*d*. to 1*s*. 7½*d*. and the price of the metal in London from 17 1/16*d*. to 16⅜*d*. per standard ounce.

Narrow fluctuations.

Exports of silver during the calendar year, 1932, on Government account amounted to about 26 million st. ounces valued at Rs. 3.02 crores as compared with about 25 million st. ounces valued at Rs. 2.44 crores in 1931.

BULLION & EXCHANGE CHART.



NOTE.—Silver, Gold and Shanghai Tael price fluctuations in the chart are based on ready rates and Exchange on ready selling T. T. rate.

SHARES.

January	Forward business was disorganised but prices tended upward.
February	Forward market functioned better. Prices improved further.
March	There were only seven working days for forward business, prices fell.
April	Weakness persisted and prices dropped further in cotton mill group. Miscellaneous shares were steady on the whole.
May-June	Business was dull.
July-August	Tone was somewhat steadier. Government of India directed an emergency enquiry by the Tariff Board into the need for extra duties on textile imports.
August 31st	Government raised duties on cotton manufactures of non-British origin. The duties were raised 50 per cent. or 5½ annas per lb. whichever is higher. Prices of cotton mill shares advanced.
September	Prices improved further during the early part; raw cotton fell Rs. 50 per candy and all share values declined in the second week.
October-December	Tone was steady. Tata Iron and Steel Ordinary advanced on investment and speculative buying. Hydro Electric Shares strengthened and were in good demand.

SHARES.

Forward business disorganised.

Forward trading on the Stock Exchange was completely disorganised during January owing to the political situation, the market being open for business for but 3 or 4 days during the month, in order to effect settlements.

Prices tend to improve.

Prices, however, improved in sympathy with the general rise in commodity prices. The price of cotton rose from about Rs. 195 to Rs. 219 per candy during the month and cotton mill shares showed a corresponding improvement. Bombay Dyeings quoted at Rs. 617-8 at the opening, gained about 40 points to Rs. 660 in the course of the month. Fazulbhoys advanced from Rs. 275 to Rs. 295; Kohinoors from Rs. 97-8 to Rs. 111-4; Centurys from Rs. 182-8 to Rs. 212-8 and Pearls from Rs. 148-12 to Rs. 165. There was also an advance in the miscellaneous group. Tata Iron Ordys. improved from Rs. 21-4 to Rs. 25 while Defds. receded from Rs. 285 to Rs. 280. All electric shares gained, Tata Hydros rising from Rs. 110-10 to Rs. 115, Tata Powers from Rs. 405 to Rs. 415 and Andhra Valleys from Rs. 645 to Rs. 660. Among Cement shares, Bundis improved from Rs. 12-6 to Rs. 13-2 and Indian Cements from Rs. 138 to Rs. 150-0. Bombay Burmahs rose from Rs. 311-4 to Rs. 332-8 and Bombay Steams from Rs. 158-12 to Rs. 167-8. Bombay Trams were unchanged throughout at about Rs. 102-8 and Railway shares also showed little or no change, with Ahmedabad Prantij quoted at Rs. 687-8 and Tapti Valleys at Rs. 587-8. Bank shares maintained almost their opening rates with Imperial Bank fully paid up at Rs. 858-12, the Bank of India at Rs. 72-8 and those of the Central Bank at Rs. 14-2.

Forward market functions better.

The forward market functioned more regularly during February, a fair amount of business being transacted although it was largely of a professional character and confined to interbazar operations. Genuine investors still kept aloof as confidence in industrials had not yet revived. Firm conditions continued throughout the month in keeping with further improvement in raw commodity prices and with bear covering. For high priced cotton mill shares, there was a gain of 20 to 30 points during this period. Bombay Dyeings rose from Rs. 660 to Rs. 687-8; Fazulbhoys from Rs. 295 to Rs. 330; Kohinoors from Rs. 111-4 to Rs. 132-8; Centurys from Rs. 212-8 to Rs. 222-8 and Pearls from Rs. 165 to Rs. 191-4. There was a proportionate rise in the various other industrial shares. Tata Iron Ordys. after rising to Rs. 26-4 on February 16, declined somewhat to Rs. 24-4 at the close. Tata Defds. were stationary at Rs. 285 owing to lack of interest in this issue, the bulk of these shares being in strong hands speculators were naturally shy of dealing in them. Among electric shares Tata Hydros advanced from Rs. 115 to Rs. 118-2, Tata Powers from Rs. 415 to Rs. 432-8 and Andhra Valleys from Rs. 660 to Rs. 761-4. In the cement group, Bundis rose from Rs. 13-2 to Rs. 14-12 and Indian

Prices advance.

Cements from Rs. 146-4 to Rs. 188-12. Bombay Burmahs gained about Rs. 12 to Rs. 338-12 and Bombay Steams about 18 points to Rs. 183-12. Bombay Trams advanced from Rs. 102-8 to Rs. 105-5, but Railway shares were irregular, Ahmedabad Prantij declining from Rs. 687-8 to Rs. 665, while the Tapti Valleys rose from Rs. 587-8 to Rs. 600.

Bank shares firm.

Bank shares were very firm following the half-yearly dividend payments and their values advanced substantially. The Imperial Bank fully paid up gained more than Rs. 150 to Rs. 1,020 and Contributories improved from Rs. 207-8 to Rs. 252-8. The Bank of India shares rose from Rs. 72-8 to Rs. 90 and those of the Central Bank from Rs. 14-4 to Rs. 15.

Forward business again disorganised.

Prices fall.

During March the share market was again closed on most days, the number on which it was open being but seven. The tendency was easier towards the close, particularly in cotton mill shares owing to weak raw cotton prices and holders taking profits. There was a fall of 15 to 30 points in the high priced section. Bombay Dyeings fell from Rs. 687-8 to Rs. 670; Fazulbhoys from Rs. 330 to Rs. 300; Kohinoors from Rs. 132-8 to Rs. 117-8; Centurys from Rs. 222-8 to Rs. 203-12 and Pearls from Rs. 191-14 to Rs. 170.

Electric shares advance.

The shares in the miscellaneous section fell in sympathy except electric group which advanced substantially in mid-month, but receded slightly towards the end. Tata Iron Ordys. declined from Rs. 24-8 to Rs. 21-4, but Tata Defds. were unaltered at Rs. 285. Tata Powers advanced from Rs. 432-8 to Rs. 470 and Andhra Valleys from Rs. 761-4 to Rs. 815 on March 18, but declined towards the end of the month to Rs. 447-8 and Rs. 797-8 respectively. Tata Hydros were unchanged at Rs. 118-2. Cement shares were a shade quieter, Bundis dropping from Rs. 14-12 to Rs. 14-6 and Indian Cements from Rs. 188-12 to Rs. 185. Bombay Burmahs lost from Rs. 339-12 to Rs. 318-12, while Bombay steams rose from Rs. 183-12 to Rs. 190. Bombay Trams, however, improved from Rs. 105-5 to Rs. 109-1, while Railway shares were little changed. The Bank shares also eased, the Imperial Bank fully paid losing from Rs. 1,020 to Rs. 987-8 and Contributories from Rs. 252-8 to Rs. 239-6. The Bank of India shares declined from Rs. 90*xd.* to Rs. 86*xd.* but those of the Central Bank were maintained at Rs. 15.

Weakness persists.

Weakness towards the end of March persisted during the early part of April following a further slump in commodity prices. There was a particularly sharp fall in cotton mill shares. At the lower levels, however, the market remained quite steady with but minor day to day fluctuations. Business during April, unlike that in March, was more or less normal. Bombay Dyeings declined heavily from Rs. 670 to Rs. 633-12 on the 11th, but then ranged between Rs. 642-8 and Rs. 636-4*xd.* throughout the rest of the month. Fazulbhoys receded from Rs. 300 to Rs. 292-8 and varied between that price and Rs. 302-8. Kohinoors dropped from Rs. 123-12 to Rs. 118-12; Centurys after an initial fall from Rs. 203-12 to Rs. 200 advanced to Rs. 206-4 and closed at Rs. 200-10. Pearls after falling from Rs. 170 to Rs. 166-4, went back to Rs. 172-8 and finished at Rs. 167-8.

The miscellaneous section, however, was steadier with only minor day to day fluctuations though business was still restricted. Tata Iron Ordys. after improving from Rs. 21-6 to Rs. 24-4 on the 16th closed at Rs. 23-6. Tata Defds. declined however from Rs. 285 to Rs. 270. Tata Powers advanced from Rs. 447-8 to Rs. 517-8 and Andhra Valleys from Rs. 797-8 to Rs. 822-8, but the former closed at Rs. 501-4. Cement shares were practically unchanged with Bundis at Rs. 14-10 and Indian Cements at Rs. 183-12. Bombay Burmahs after falling to Rs. 300, recovered and closed at Rs. 311-4. Bombay Trams improved steadily closing at Rs. 108-2*xd*. Railway shares were practically unchanged during this period but the bank shares were somewhat better, Imperial Bank fully paid rising from Rs. 987-8 to Rs. 1,002-8.

Miscellaneous group steady.

May and June were comparatively dull months on the Stock Exchange business being narrow and confined largely to carrying over from one settlement to another. Prices tended downwards, particularly for cotton mill shares owing to the depressed state of the industry. Sales of local manufactured textiles dwindled owing to competition from Japanese cloth, which was available at cheaper rates through the depreciation of the Japanese currency. Several representations were made to Government on this matter and protracted negotiations and consultations were undertaken. In the meantime all shares declined on balance. Bombay Dyeings fell from Rs. 637-8 to Rs. 616-4 at the end of June, the decline being checked, however, owing to a large and strong bull interest. Fazulbhoys fell sharply from Rs. 296-4 to Rs. 231-4; Kohinoors from Rs. 120 to Rs. 99-6; Centurys from Rs. 200-10 to Rs. 171-4 and Pearls from Rs. 168-12 to Rs. 126-4.

Dull trade.

Similar conditions ruled in the miscellaneous section except for electric shares which after showing substantial gains receded towards the close. Tata Hydros advanced from Rs. 116-9*xd* to Rs. 125-10 on May 27 and after declining to Rs. 116-14 on June 8 improved to Rs. 119-6 at the end of June. Tata Powers rose from Rs. 501-4 to Rs. 540 on May 14 and Andhra Valleys from Rs. 822-8 to Rs. 882-8 on May 12, but the former declined and closed at Rs. 495, while the latter after falling to Rs. 843-12 on June 2, improved at the close to Rs. 870. Bombay Trams gained form Rs. 108-2 to Rs. 118-2 on May 27, but receded to almost the opening level at the finish. Tata Iron Ordys. fell from Rs. 23-6 to Rs. 16-14 and Defds. from Rs. 270 to Rs. 235. Cement shares were also quieter, Bundis declining to Rs. 13-10 and Indian Cements to Rs. 167-8. Bombay Burmahs fell from Rs. 311-4 to Rs. 293-12 on June 29, but recovered to Rs. 301-4, while Bombay steams improved from Rs. 193-12 to Rs. 205 on May 30, but were quoted at Rs. 196-4 at the end of June. Railway shares also declined, Ahmedabad Prantij from Rs. 626-4 to Rs. 595 and Tapti Valleys from Rs. 580 to Rs. 575. Bank shares were firmer, though the Imperial Bank fully paid after touching Rs. 1,035 on May 14 declined to Rs. 1,000; Bank of India shares improved to Rs. 86-8 and those of the Central Bank to Rs. 14-14.

The market was steady in early July and continued so throughout the month and became firmer during August with only minor day to day fluctuations. The change was due to the rise in commodity prices, particularly for raw cotton which

Tone steadier.

rose to about Rs. 268 per candy. Furthermore the commercial circles were confident that Government would impose an additional duty on imports of cotton textiles from foreign countries which were ever competing more keenly with indigenous manufactures. At the end of July Government ordered an emergency enquiry by the Tariff Board into the need for extra duties on textile imports. Pending their report, the market was somewhat hesitant, but with an undertone of confidence. More business was transacted and even outside investors began to take a little interest, thus giving the market a healthier outlook.

Commodity prices advance.

Emergency enquiry by the Tariff Board.

Bombay Dyeings rose steadily from Rs. 618-12 to Rs. 682-8 on August 12 and after declining to Rs. 670 improved to Rs. 687-8 but were quoted at Rs. 680 towards the end of August. Fazulbhoys advanced from Rs. 232-8 to Rs. 286-4 on the same day, and after a temporary set-back to Rs. 268-12 on August 17 advanced to Rs. 290 but finished at Rs. 278-12. Kohinoors gained from Rs. 101-4 to Rs. 133-12, Centurys from Rs. 175 to Rs. 222-8 and Pearls from Rs. 126-4 to Rs. 162-8 and after minor fluctuations they were quoted at Rs. 127-8, Rs. 213-12 and Rs. 152-8 respectively at the end of August.

The miscellaneous shares were likewise steady and the electric group registered further substantial advances during this period. Tata Hydros rose from Rs. 119-6 to Rs. 128-12, but reacted slightly to Rs. 127-8. Tata Powers gained Rs. 130 to Rs. 625 and Andhra Valleys more than Rs. 225 to Rs. 1,002-8. Bombay Trams, however, did not advance much, owing to loss in traffic suffered by the Company through the serious communal riots in the City. The consumption of power was also reduced owing to the curfew order which prohibited movement in certain areas after 8 P.M. On these grounds the price of this share after improving from Rs. 108-12 to Rs. 113-2 on August 12, receded and closed at Rs. 107-8. Tata Iron Ordys. began to attract investors and speculators at this juncture on reports of improved turnover and of better prospects. The price advanced from Rs. 16-14 to Rs. 24, but Defds. actually declined from Rs. 240 to Rs. 225 though little actual business was reported. Cement shares after a steady improvement were weak in the latter part of August owing to keen competition from Japanese cement. Bundi shares after rising to Rs. 15 and Indian Cements to Rs. 205, declined to Rs. 14-0 and Rs. 182-8 respectively. Bombay Burmahs improved from Rs. 301-4 to Rs. 378-12 and Bombay Steams from Rs. 196-4 to Rs. 215 but reacted to Rs. 375 and Rs. 210-0 respectively at the close. Among Railway shares Ahmedabad Prantij advanced from Rs. 595 to Rs. 613 and Tapti Valleys from Rs. 578 to Rs. 605. Bank shares improved substantially owing partly to the declarations of half-yearly dividends in July and partly to cheap money which was seeking employment in a perfectly sound investment giving a fixed return. Imperial Bank shares (full paid) rose from Rs. 1,002-8 to Rs. 1,162-8 and Contributories from Rs. 246-4 to Rs. 287-8. Bank of India shares gained from Rs. 85-4 to Rs. 90-4 and those of the Central Bank from Rs. 14-13 to Rs. 17-12.

Miscellaneous shares steady.

Government announced on August 31 their decision on the Tariff Board's recommendations received more than a month earlier in connection with the textile industry emergency enquiry into imports facilitated by a depreciated currency. The import duty on cotton manufactures of non-British origin was raised to 50% with

Duties on Cotton textiles imports raised.

immediate effect from September 1. The specific duty of 3½ annas per lb. on gray goods was raised to 5½ annas per lb. or 50% *ad valorem* whichever was higher, thus giving an additional protection to the home industry of 18-3/4 per cent. Whether or not the protection then granted was adequate, there was dissatisfaction among the general commercial public on the score that Government had taken unduly long in arriving at the decision. An emergency measure deserves the promptest attention on the part of the authorities as otherwise the benefit expected from it may not be achieved in full.

Prices advance.

The extra duties announced caused a rise of 15 to 20 points in the value of cotton mill shares. The rise unfortunately coincided with a period of weak raw cotton prices, otherwise it might have been much higher. Bombay Dyeings rose to Rs. 695, Fazulbhoys to Rs. 293-12, Kohinoors to Rs. 141, Centurys to Rs. 222-8 and Pearls to Rs. 158-2 with a slight reaction in all issues on profit taking. Miscellaneous shares rose in sympathy, Tata Ordys. to Rs. 25, Tata Hydros to Rs. 127-12, Tata Powers to Rs. 685 and Andhra Valleys to Rs. 1,022-8. Bombay Burmahs were steady at Rs. 372-8 and Trams at Rs. 107-13. Cement shares were a little quieter, Bundis at Rs. 13-14 and Indian Cements at Rs. 175. The Railway and Bank shares were practically unchanged.

Prices improve further.

In the first week of September prices further improved and Cotton Mill shares advanced by 5 to 10 points in the case of higher priced issues. There was however a spectacular rise from Rs. 24-14 to Rs. 28-14 in Tata Iron Ordys. which had by now become a favourite speculative counter. Electric shares also improved further, Tata Hydros to Rs. 131-4, Tata Powers to Rs. 706-4 and Andhra Valleys to Rs. 1,070. All other issues kept very steady.

Big drop in price of raw cotton.

In the second week of September, there was a big drop of about 50 points in the price of raw cotton following the bearish report of New York Cotton Bureau. Prices of important cotton mill shares declined by 20 to 30 points with a sympathetic fall in other industrial shares. Bombay Dyeings declined from Rs. 696-4 to Rs. 663-12, Fazulbhoys from Rs. 301-4 to Rs. 263-12, Kohinoors from Rs. 151-4 to Rs. 132-8, Centurys from Rs. 223-12 to Rs. 203-12 and Pearls from Rs. 163-12 to Rs. 145.

Tata Ordinaries fall.

Among the miscellaneous shares Tata Iron Ordys. declined from Rs. 29 to Rs. 25-6; Tata Hydros from Rs. 131-4 to Rs. 129-6 and Tata Powers from Rs. 706-4 to Rs. 662-8. Bombay Burmahs suffered a sharp set-back from Rs. 378-12 to Rs. 346-4, but Bombay Steams after declining from Rs. 211-4 to Rs. 206-14 recovered to the opening rate. Bank shares were also quieter, with Imperial Bank fully paid up at Rs. 1,167-8 and Contributories at Rs. 285.

Cotton price reacts.

In the following weeks raw cotton prices recovered some of the heavy drop of 50 points and prices of other commodities also rose in sympathy. This had a healthy effect on the local share market and prices of cotton mill shares as well as other industrials advanced by a few points. Bombay Dyeings rose to Rs. 676-4, Fazulbhoys to Rs. 277-8 and Kohinoors to Rs. 141-4. Among the miscellaneous

shares Tata Iron Ordinaries advanced to Rs. 27-12, Tata Powers gained about Rs. 40 to Rs. 702-8 and Andhra Valleys rose to Rs. 1,122-8. Bombay Burmahs moved up from the low level of Rs. 346-4 to Rs. 362-8. Cement shares also steadied, Bundis to Rs. 14-2 and Indian Cements to Rs. 176-4. Railway and Bank shares were little changed.

No important changes.

In the last week of September there were no changes of importance, prices in almost all cases being maintained at the previous week's rates except for bank shares which advanced. Imperial Bank fully paid gained about 20 points to Rs. 1,187-8, while contributories improved to Rs. 288-12. The Bank of India shares advanced to Rs. 91-8 and those of the Central Bank to Rs. 16-8.

Tone steady.

Throughout October and November the share market was steady and even the fall in commodity prices including cotton had little effect on quotations. Business was largely confined to carrying over and professional jobbing in the mill group while in the miscellaneous section there was fresh investments as well as speculative transactions. The price of cotton mill shares moved narrowly towards the end of November, but the miscellaneous shares tended higher.

Tata Iron and Steel shares rise sharply.

Bombay Dyeings moved between Rs. 670 and Rs. 658-12 closing at the former figure. Fazulbhoys, Centurys and Pearls, however, were a little easier, the first of these declining gradually from Rs. 277-8 to Rs. 247-8, the second from Rs. 208-12 to Rs. 196-4 and the last from Rs. 145 to Rs. 120. Kohinoors ranged between Rs. 140 and Rs. 135. Among the miscellaneous shares, the rise in Tata Iron Ordinaries and the electric shares continued. The Ordinaries advanced steadily from Rs. 27-12 to Rs. 36 on November 23 but reacted slightly towards the end of the month to Rs. 34-2. Tata Iron and Steel 2nd Pref. which had hitherto been neglected even at the low price of about Rs. 45 advanced to Rs. 63 with buyers, on the expectation that they would receive dividend on publication of the Company's report. It was also felt that the Ottawa Agreement had benefited the Indian Steel industry and it was hoped that thereby the Company's sales and consequently its profits would increase. Tata Deferreds on the other hand declined from Rs. 196 to Rs. 160. Tata Hydros improved from Rs. 132-8 to Rs. 141-4 and Tata Powers rose from Rs. 726 to Rs. 776-4 on November 12 and Andhra Valleys from Rs. 1,125 to Rs. 1,237-8 on November 15, but all these issues declined towards the close to Rs. 136-4, Rs. 757-8 and Rs. 1,202-8 respectively. The cement shares steadied in sympathy with other issues and on the rumour that the industry might shortly get further protection; Bundis improved to Rs. 15-14 and Indian Cements to Rs. 192-8. Bombay Burmahs and Bombay Trams had a somewhat chequered course. The former after rising from Rs. 361-4 to Rs. 385 on October 15 declined steadily to Rs. 369-6 while the latter after an initial rise from Rs. 112-8 to Rs. 118-12 declined gradually to Rs. 109-4. Bombay Steams were practically unmoved at Rs. 215 throughout. Scindia Steam shares which had also been neglected found many buyers, the price improving from Rs. 8-2 to Rs. 9-6 though reacting to Rs. 8-11. Railway shares were also steadier, Ahmedabad Prantij moving up from Rs. 625 to Rs. 650 and Tapti Valleys from Rs. 607 to Rs. 613-12.

Among Bank shares Imperials fluctuated widely; fully paid up opened at Rs. 1,202 and after rising to Rs. 1,276-4 on October 20 and declined gradually during November, closing at Rs. 1,187-8. Contributories moved proportionately and closed at Rs. 291-4, the highest rate touched being Rs. 317-8. Bank of India shares after advancing to Rs. 97 on October 17 declined to Rs. 93 at the close. Central Bank shares touched Rs. 20 on October 18 but finished at Rs. 18-14.

Bank shares fluctuate.

During the first half of December, the market was slightly easier with a small general fall in share prices. Towards the close however, prices came back through steadier cotton and a slight improvement in other commodity prices. Business, however, was not large and was confined to carrying over. Bombay Dyeings after touching Rs. 655 recovered and closed at Rs. 660. Fazulbhoys dropped to Rs. 250, Century to Rs. 201-14 and Kohinoors to Rs. 136-4, but the last two improved and closed at Rs. 206-4 and Rs. 138-12 respectively.

Market slightly easier.

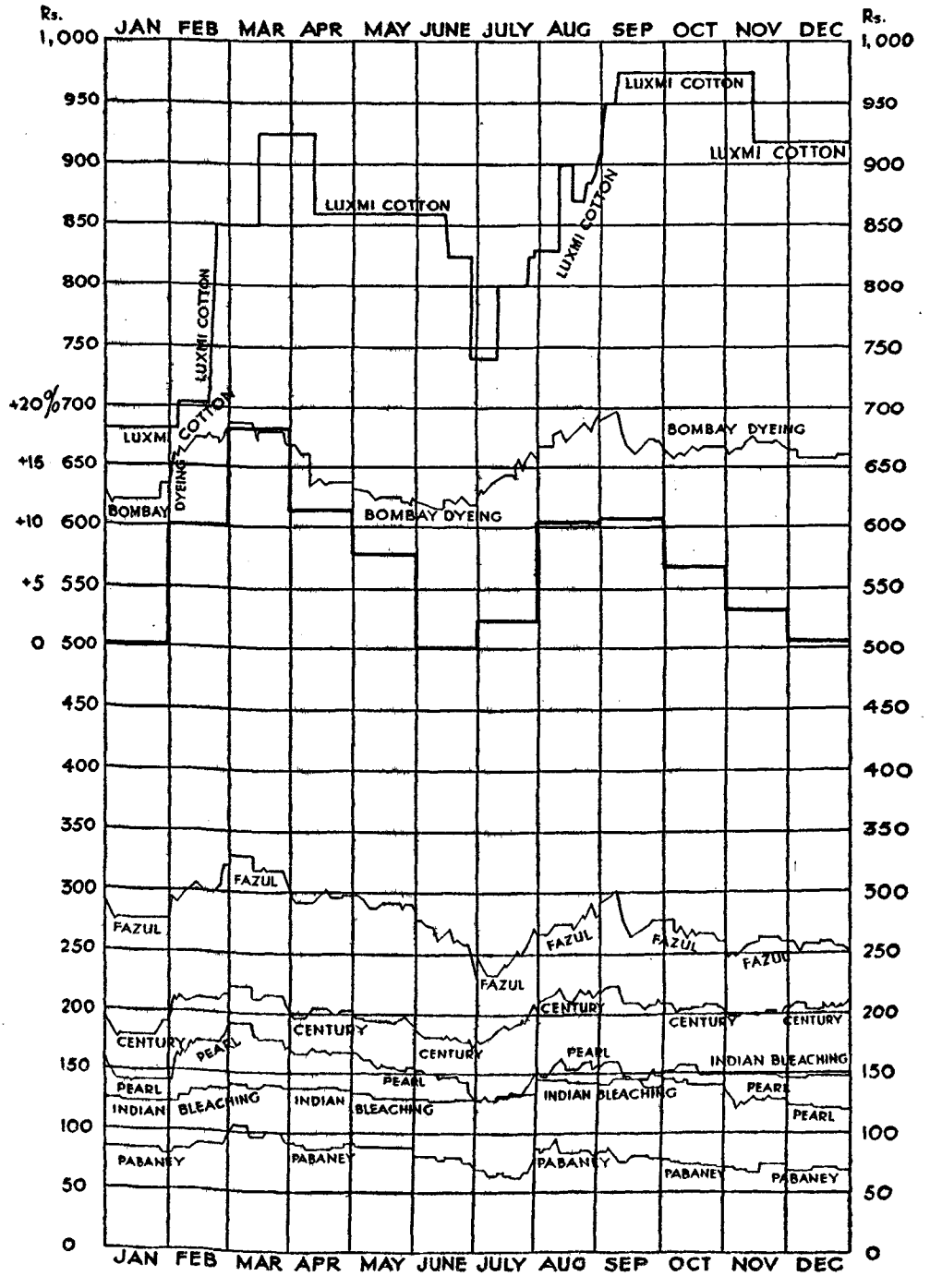
Conditions were similar in the miscellaneous section. Tata Ordys. after dropping to Rs. 33 advanced and closed at Rs. 36. Tata second Prefer. after receding to Rs. 57-8 improved and finished at Rs. 65-8. Electric group shares were generally steady, Tata Hydros closing at Rs. 138-12, Andhra Valleys at Rs. 1,248-12 and Tata Power Ordys. at Rs. 773-12. Cement shares were on the whole steady, Bundi Cements being quoted at Rs. 15-10 and Indian Cements at Rs. 190 at the end. Railway shares remained unchanged, Ahmedabad Prantij closing at Rs. 645 and Tapti Valleys at Rs. 620.

Sympathetic movements in miscellaneous section.

Bank shares after a sharp fall in mid-month rallied towards the close. Imperial Banks fully paid after touching Rs. 1,182-8 steadily improved and closed at Rs. 1,230. Bank of India shares closed at Rs. 95 and those of the Central Bank at Rs. 19-1.

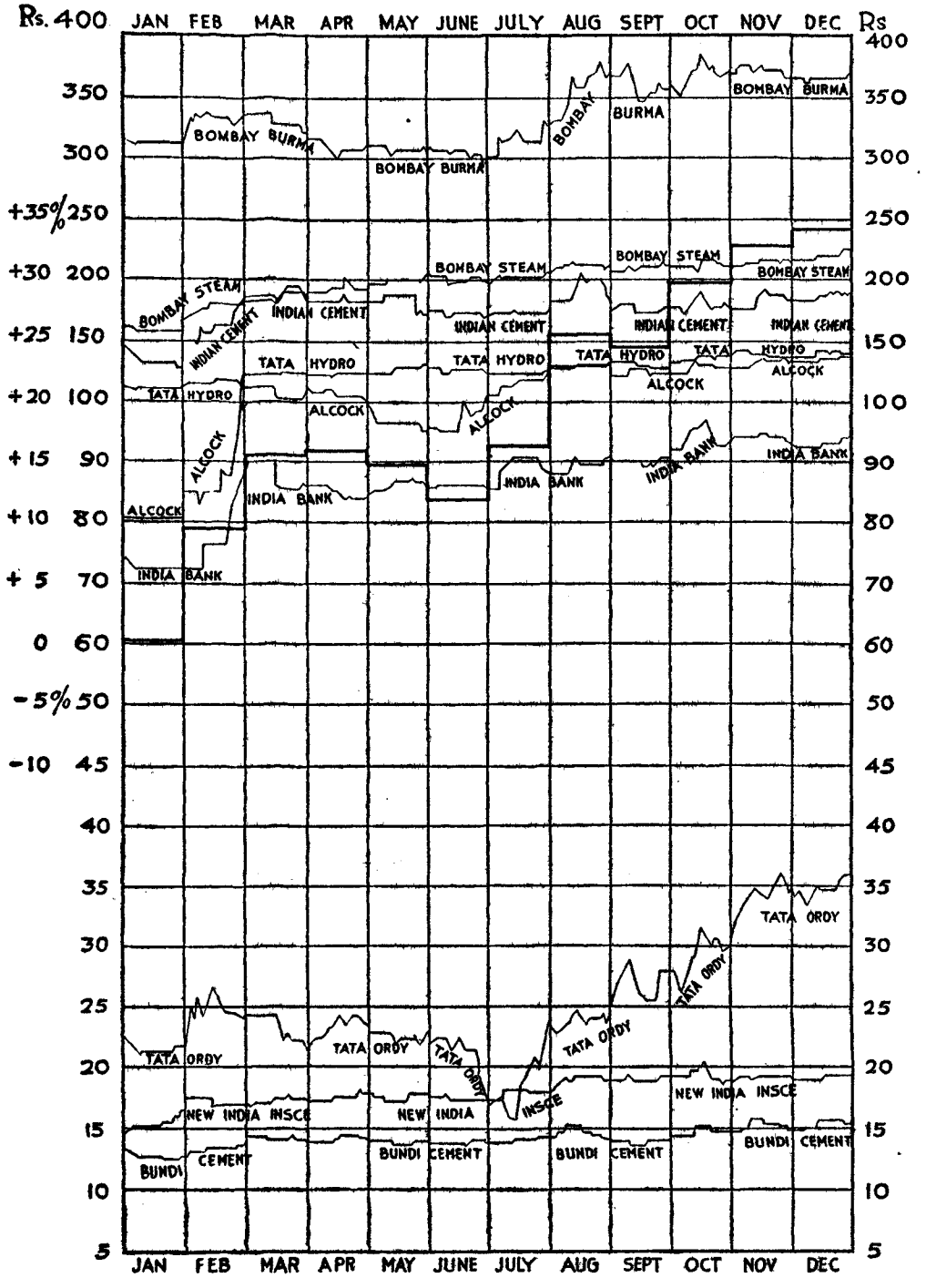
Bank shares suffer a fall.

COTTON MILL SHARES.



Represents the monthly average rise or fall in per cent. from the opening rates of the year on mill shares plotted on this grap

MISCELLANEOUS SHARES CHART:



Represents the monthly average rise or fall in per cent. from the opening rates of the year on the miscellaneous shares plotted on this graph.

STATISTICS.

EXCHANGE VARIATIONS.

Highest and lowest market selling quotations of Ready T. T. on London.

Months.	Highest.	Lowest.	Average.
January	1s. 6-1/8d. (2, 4, 5) ..	1s. 6-1/16d. (23-27) ..	18·092d.
February	1s. 6-1/8d. (11-27) ..	1s. 6-3/32d. (1-10, 29).	18.113d.
March	1s. 6-1/8d. (10-14, 24).	1s. 6-3/32d. (1-9, 15-22, 29-31).	18·101d.
April	1s. 6-1/16d. (1, 8) ..	1s. 5-29/32d. (23-27) ..	17·978d.
May	1s. 5-15/16d. (2) ..	1s. 5-7/8d. (4-9, 30, 31).	17·898d.
June	1s. 5-15/16d. (28-30) ..	1s. 5-7/8d. (1, 2, 8, 9).	17·904d.
July	1s. 6-1/16d. (16-20, 28-30).	1s. 5-15/16d. (1) ..	18·034d.
August	1s. 6-3/32d. (27-31) ..	1s. 6-1/16d. (1-26) ..	18·067d.
September	1s. 6-1/8d. (10-30) ..	1s. 6-3/32d. (1-9) ..	18·117d.
October	1s. 6-1/8d. ..	1s. 6-1/8d. ..	18·125d.
November	1s. 6-5/32d. (5-30) ..	1s. 6-1/8d. (1-4) ..	18·151d.
December	1s. 6-5/32d. ..	1s. 6-5/32d. ..	18·156d.
		Average for the year ..	18·061d.

GOVERNMENT'S STERLING REMITTANCES.

Week ending	Sterling remittances through purchases in India by tender and on tap.					By transfer from G.S.R. in England against transfers of gold in India from P. C. R. to G. S. R. in India. and Stg. taken over in London.
	Amount. Remitted	Purchases by Tender.	Rate.	Purchases on tap.	Rate.	
	£	£		£		£
9- 1-32	1,958,000	1,000,000	1/6-3/32	958,000	1/6-1/8	....
16- 1-32	1,988,000	1,000,000	,,	988,000	,,	....
23- 1-32	998,000	998,000	,,	....		....
30- 1-32	1,958,000	1,000,000	,,	958,000	,,	....
6- 2-32	2,341,000	1,000,000	1/6-1/8	1,341,000	1/6-5/32	....
13- 2-32	1,462,000	1,000,000	,,	462,000	,,	....
20- 2-32	1,490,000	1,000,000	,,	490,000	,,	....
27- 2-32	1,738,000	1,000,000	,,	738,000	,,	....
5- 3-32	1,380,000	1,000,000	,,	380,000	,,	....
12- 3-32	1,855,000	1,000,000	,,	855,000	,,	....
19- 3-32	1,207,000	1,000,000	,,	207,000	,,	....
26- 3-32	874,000	874,000	,,	....		....
31- 3-32	988,000	988,000	,,	....		....
2- 4-32	37,000	12,000	,,	25,000	,,	....
9- 4-32	186,000	....	....	186,000	,,	715,000
16- 4-32	*Nil.*	*Nil.*	....	*Nil.*	....	....
23- 4-32	*Nil.*	*Nil.*	....	*Nil.*	....	....
30- 4-32	*Nil.*	*Nil.*	....	*Nil.*	....	....
		Tenders suspended until further notice.				
7- 5-32	*Nil.*	*Nil.*	....	*Nil.*	....	—3,750,000
13- 8-32	495,000	495,000	1/6-3/32	....	....	....
20- 8-32	478,000	478,000	,,	....	....	....
27- 8-32	699,000	500,000	,,	199,000	1/6-1/8	....
3- 9-32	1,883,000	500,000	1/6-1/8	1,383,000	1/6-5/32	....
10- 9-32	1,961,000	1,000,000	,,	961,000	,,	....
17- 9-32	2,224,000	575,000	1/6-5/32	1,649,000	1/6-3/16	....
24- 9-32	475,000	150,000	,,	325,000	,,	....
1-10-32	926,000	926,000	,,	....		....
8-10-32	771,000	771,000	,,	....		....
15-10-32	1,051,000	1,000,000	,,	51,000	,,	....
22-10-32	1,190,000	1,000,000	,,	190,000	,,	....
29-10-32	1,030,000	1,000,000	,,	30,000	,,	....
5-11-32	1,197,000	1,000,000	,,	197,000	,,	....
12-11-32	1,088,000	1,000,000	,,	88,000	,,	....
19-11-32	1,939,000	1,000,000	,,	939,000	,,	....
26-11-32	2,533,000	1,000,000	,,	1,533,000	,,	....
3-12-32	2,316,000	1,000,000	,,	1,316,000	,,	....
10-12-32	2,070,000	1,000,000	,,	1,070,000	,,	—5,000,000
17-12-32	1,640,000	1,000,000	,,	640,000	,,	....
24-12-32	2,460,000	1,000,000	,,	1,460,000	,,	....
31-12-32	925,000	....	....	925,000	,,	....
	49,811,000	29,267,000	....	20,544,000	....	—8,035,000

TRADE.

Imports and Exports of Merchandise and Treasure (in lacs of rupees.)

Months.	Exports including re-exports.	Imports.	Treasure. —Net Imports. +Net Exports.	Remittances to Secy. of State (adverse to India).	Balance of trade excluding Government Remittances.	The Net balance of trade + in favour — against.
January 1932	13,56·49	10,93·31	+9,08	— 9,47	+ 11,75	+ 2,28
February „	12,67·88	9,95·31	+7,60	— 9,34	+ 10,32	+ 98
March „	13,22·96	10,90·56	+6,79	— 8,21	+ 9,00	+ 79
April „	10,70·13	13,21·70	+4,08	— 1,32	+ 1,60	+ 28
May „	9,80·19	11,82·09	+3,07	— 3	+ 1,09	+ 1,06
June „	9,60·20	12,09·24	+4,57	— 5	+ 2,10	+ 2,05
July „	9,20·49	11,22·06	+5,74	— 1	+ 3,73	+ 3,72
August „	10,27·85	11,12·63	+4,38	— 4,26	+ 3,55	— 71
September „	12,61·74	11,14·00	+6,51	— 7,76	+ 7,72	— 4
October „	11,74·30	9,97·65	+5,64	— 5,82	+ 7,47	+ 1,65
November „	12,37·77	11,14·44	+6,59	—10,94	+ 7,83	— 3,11
December „	12,49·56	9,81·45	+10,00	—10,24	+ 12,70	+ 2,46
Total for 1932	138,29·56	133,34·44	+74·05	—67·45	+ 78·86	+ 11·41

Source of information :—Accounts relating to the Sea-borne Trade and Navigation of British India.

CROPS :—SEASONS AND EXPORT VALUE.

Name of Article.	Crops sown.	Crops harvested.	Export commences.	Value of Exports from Decr. 1931 to 30th November 1932.
				In lacs. Rs.
Rice	May/June	November/December..	January.. ..	17,89·93
Jute	May/June	September/October ..	November ..	32,24·77*
Cotton	May/June and October	October/November and April/May.	November ..	20,60·77*
Tea	....	June/January ..	July	17,89·80
Cottonseed ..	....	October/November ..	December ..	0·85
Maize	July	October/November ..	December ..	0·11
Tilseed	July and October ..	November and March.	December/January.	28·26
Rapeseed ..	August/October	February/March ..	April/May ..	1,71·48
Mustardseed ..	August/October ..	February/March ..	April/May ..	5·98
Gram	September/October ..	February/March ..	May	29·48
Lentils	October	February/March ..	Late March ..	13·21
Peas (Beans) ..	October	March	April/May ..	20·40
Linseed ..	October	March/April	May	1,00·25
Barley	October/November ..	March/April	May	18·60
Wheat	October/November ..	April	May	44·56
Groundnut ..	August	December	January	8,27·25

* Value includes raw and manufactured articles.

CURRENCY RETURNS FOR EACH QUARTER.

In lacs of rupees.

During Quarter.	Note Circulation.		Metallic Reserve.		Average Percentage.
	Highest.	Lowest.	Highest.	Lowest.	
1914.					
Jan.-Mar. ..	66,12	63,94	52,12	49,94	78·46
Apr.-June ..	70,26	65,46	56,26	51,46	79·34
July-Sept. ..	75,45	60,52	61,45	46,52	79·15
Oct.-Dec. ..	61,19	60.78	47,19	46,78	77·04
1915.					
Jan.-Mar. ..	61,63	59,55	47,63	45,55	76·89
Apr.-June ..	66,48	60,24	52,48	46,24	77·85
July-Sept. ..	68,06	63,81	54,06	49,81	78·74
Oct.-Dec. ..	63,59	62,06	49,59	48,06	77·71
1916.					
Jan.-Mar. ..	67,73	62,42	47,73	45,51	71·68
Apr.-June ..	71,39	65,47	48,23	43,25	66·81
July-Sept. ..	75,48	71,55	52,42	48,49	68·60
Oct.-Dec. ..	82,17	73,32	50,12	41,21	58·60
1917.					
Jan.-Mar. ..	86,76	84,36	40,47	37,58	45·59
Apr.-June ..	93,29	82,72	32,11	30,64	35·72
July-Sept. ..	108,43	99,31	46,95	37,83	40·69
Oct.-Dec. ..	114,77	108,31	53,29	46,83	44·83
1918.					
Jan.-Mar. ..	104,82	99,79	43,34	38,31	39·86
Apr.-June ..	114,79	105,96	37,37	36,39	33·45
July-Sept. ..	134,38	121,41	48,39	38,75	33·96
Oct.-Dec. ..	147,09	136,43	54,77	50,44	37·10
1919.					
Jan.-Mar. ..	153,46	149,74	54,88	51,16	34·96
Apr.-June ..	162,76	153,72	64,18	55,14	37·65
July-Sept. ..	171,86	167,11	72,33	68,53	41·54
Oct.-Dec. ..	182,91	175,28	83,38	75,76	44·40
1920.					
Jan.-Mar. ..	185,15	174,52	87,66	84,94	48·00
Apr.-June ..	170,74	164,34	91,52	84,97	52·65
July-Sept. ..	163,87	157,63	94,98	94,21	58·86
Oct.-Dec. ..	161,41	159,58	93,79	83,16	55·10
1921.					
Jan.-Mar. ..	166,16	163,41	89,74	86,99	53·61
Apr.-June ..	171,76	167,32	95,42	90,91	54·94
July-Sept. ..	178,37	175,56	103,10	99,16	54·38
Oct.-Dec. ..	179,72	172,53	104,31	98,29	57·50
1922.					
Jan.-Mar. ..	174,76	173,87	103,84	99,16	58·22
Apr.-June ..	176,01	171,76	105,05	100,83	59·19
July-Sept. ..	182,26	180,41	113,99	109,41	61·59
Oct.-Dec. ..	179,63	174,18	115,42	110,91	63·96
1923.					
Jan.-Mar. ..	174,70	172,65	111,37	109,37	63·54
Apr.-June ..	173,61	171,23	110,27	107,88	63·25
July-Sept. ..	179,29	175,72	121,81	114,36	64·19
Oct.-Dec. ..	183,41	178,30	123,34	108,93	64·16

During Quarter.	Note Circulation.		Metallic Reserve.		Average Percentage.
	Highest.	Lowest.	Highest.	Lowest.	
1924.					
Jan.-Mar. ..	186,19	184,02	104,50	102,32	55·86
Apr.-June ..	181,33	172,49	100,97	98,98	56·52
July-Sept. ..	179,26	176,24	107,95	104,89	54·87
Oct.-Dec. ..	180,98	179,21	108,86	103,09	58·83
1925.					
Jan.-Mar. ..	184,19	181,12	100,00	98,60	54·36
Apr.-June ..	183,85	173,23	101,07	95,13	54·93
July-Sept. ..	189,51	179,46	112,40	101,07	57·82
Oct.-Dec. ..	191,87	189,61	112,50	105,65	57·17
1926.					
Jan.-Mar. ..	193,34	190,45	107,23	104,33	55·00
Apr.-June ..	191,44	184,91	113,24	106,47	57·82
July-Sept. ..	201,09	192,65	125,05	144,41	61·06
Oct.-Dec. ..	196,52	181,18	127,88	124,93	66·59
1927.					
Jan.-Mar. ..	184,13	180,03	126,79	124,23	68·90
Apr.-June ..	181,60	169,68	137,10	133,10	77·40
July-Sept. ..	181,81	173,69	144,71	138,23	79·88
Oct.-Dec. ..	183,37	178,57	145,34	138,28	78·53
1928.					
Jan-Mar. ..	186,28	182,65	137,32	135,12	73·32
Apr.-June. ..	186,09	177,15	135,36	127,93	72·14
July-Sept. ..	184,59	178,11	136,65	130,50	73·64
Oct.-Dec. ..	189,10	183,24	136,59	131,80	72·99
1929.					
Jan.-Mar. ..	192,47	188,03	132,17	130,92	69·17
Apr.-June ..	188,98	182,82	134,86	130,62	71·45
July-Sept. ..	187,69	185,02	145,21	136,21	76·15
Oct.-Dec. ..	187,21	179,10	145,80	140,27	78·45
1930.					
Jan.-Mar. ..	181,60	177,23	143,22	138,32	77·72
Apr.-June. ..	174,14	163,72	144,66	142,30	84·35
July-Sept. ..	172,36	164,71	154,03	145,60	89·15
Oct.-Dec. ..	173,06	161,34	155,37	151,73	92·27
1931.					
Jan.-Mar. ..	160,99	156,53	151,59	145,29	92·95
Apr.-June ..	160,25	152,53	152,94	146,57	95·58
July-Sept. ..	156,51	146,22	149,34	136,74	94·74
Oct.-Dec. ..	179,30	153,93	136,15	126,55	81·47
1932.					
Jan.-Mar. ..	182,31	177,64	125,98	115,71	66·16
Apr.-June. ..	174,62	167,83	122,66	115,54	70·41
Jul.-Sept. ..	175,77	171,66	126,62	123,46	71·90
Oct.-Dec. ..	175,91	174,75	130,18	124,29	72·15

PRICE OF GOLD.

Months.	PRICE IN LONDON PER FINE OZ.		
	Highest.	Lowest.	Average.
	s. d.	s. d.	s. d.
January	122 5 (5)	117 11 (15)	120 4·346
February	120 9 (11)	118 5 (29)	119 8·360
March	118 10 (29)	108 11 (29)	114 1·333
April	113 5 (27)	108 4 (1)	110 3·346
May	113 7 (14)	112 5 (28)	112 10·040
June	114 8 (29, 30)	112 2 (4)	113 4·384
July	117 8 (29)	115 0 (1)	115 11·846
August	119 3 (6)	117 0 (2)	118 6·230
September	119 5 (28, 30)	117 11 (8, 10)	118 7·807
October	125 8 (29)	119 2 (1)	121 4·730
November	130 8 (30)	123 2½ (14)	125 8·788
December	130 0½ (5)	123 4½ (22)	125 8.880
		Average for the year ..	118 0.674

Months.	PRICE IN BOMBAY PER TOLA (for Ready).		
	Highest.	Lowest.	Average.
	Rs. a. p.	Rs. a. p.	Rs. a. p.
January	29 12 0 (5, 8, 13)	28 10 9 (16)	29 3 8
February	29 8 0 (9)	29 0 0 (3)	29 3 7
March	29 1 6 (1-3)	26 8 0 (29)	27 15 4
April	28 4 0 (26)	26 10 0 (1, 2)	27 3 2
May	28 4 0 (14)	27 12 0 (30)	28 0 3
June	28 8 6 (21)	27 14 0 (6)	28 2 5
July	28 14 6 (29)	28 7 0 (20)	28 9 7
August	29 6 0 (23-25)	28 13 0 (2)	29 2 11
September	29 5 6 (29)	28 14 6 (8)	29 2 5
October	31 1 0 (27)	29 3 6 (1)	29 13 0
November	32 1 6 (29)	30 0 0 (14)	30 12 10
December	31 11 0 (5)	30 3 0 (22)	30 13 9
		Average for the year ..	29 0 3

IMPORTS, EXPORTS, OFF-TAKE AND STOCKS OF GOLD.

Months.	Monthly import value of bar gold and coin into British India.	Monthly Export value of bar gold and coin from British India.	Monthly estimated off-take in Bombay.	Estimated stock at the end of each month in Bombay.
1932	Rs.	Rs.	Tolas.	Tolas.
January ..	20,11,428	9,27,37,767	75,000	7,00,000
February ..	13,91,733	7,57,11,956	75,000	4,00,000
March ..	14,90,043	6,88,37,373	75,000	3,00,000
April ..	11,49,836	4,23,78,391	70,000	3,00,000
May ..	7,13,117	3,30,42,415	60,000	2,50,000
June ..	8,62,444	4,87,01,637	60,000	2,00,000
July ..	10,68,887	6,17,04,346	60,000	2,00,000
August ..	12,95,412	4,51,52,962	60,000	2,00,000
September ..	9,35,795	6,56,49,503	60,000	2,00,000
October ..	10,98,386	5,67,38,922	75,000	3,00,000
November ..	14,27,445	6,71,75,252	75,000	4,00,000
December ..	16,08,734	10,13,25,701	75,000	4,00,000
Total ..	1,50,53,260	75,91,56,225	8,20,000	....

PRICE OF BAR SILVER.

Months.	PRICE IN LONDON PER STANDARD OUNCE (Ready).		
	Highest.	Lowest.	Average.
	d.	d.	d.
January	20 7/16 (5)	18 15/16 (18, 20)	19·622
February	20 (1)	19 1/4 (3, 4, 6, 8)	19·572
March	19 3/4 (1)	17 1/2 (9)	18·336
April	17 1/2 (2)	16 1/2 (14)	16·923
May	17 3/8 (12)	16 9/16 (3, 6)	16·867
June	17 (8, 18, 21)	16 5/8 (25, 28, 30)	16·844
July	17 1/4 (15)	16 9/16 (6)	16·930
August	18 15/16 (11)	17 3/16 (3, 4)	18·000
September	18 13/16 (6)	17 9/16 (17)	17·997
October	18 1/8 (28-31)	17 11/16 (1-4, 6, 7, 11, 14-17, 22)	17·812
November	18 3/8 (8, 9)	17 13/16 (28)	18·098
December	17 3/4 (7)	16 3/8 (29)	17·110
Average for the year			17·842

Months.	PRICE IN BOMBAY PER 100 TOLAS (Ready).		
	Highest.	Lowest.	Average.
	Rs. a.	Rs. a.	Rs. a. p.
January	62 10 (2)	57 8 (20, 26)	59 12 10
February	61 0 (24)	58 0 (3)	59 5 1
March	58 12 (1)	54 1 (29)	56 8 7
April	55 14 (26, 27)	53 6 (14)	54 4 7
May	56 9 (12)	54 6 (3)	55 6 0
June	56 3 (18)	54 7 (27)	55 9 4
July	55 3 (2, 4)	54 2 (27)	54 11 10
August	57 8 (29)	54 8 (4)	55 14 7
September	57 12 (6)	55 5 (19)	56 4 5
October	56 12 (29)	55 11 (11, 18)	56 0 9
November	56 11 (9)	52 12 (30)	55 12 7
December	52 10 (5)	48 14 (29)	51 2 0
Average price for the year			55 14 4½

Note :—The price includes duty of Rs. 17-9-3 from 1st October 1931.

IMPORTS, EXPORTS, OFF-TAKE AND STOCKS OF SILVER—1932.

Months.	Monthly imports of silver bars (bullion) into British India.	Monthly exports of silver bullion (on Government and private account).	Monthly estimated off-take in Bombay.*	Monthly estimated stock of silver at the end of each month.
	(Standard	Ounces).	(In bars of	2,800 tolas.)
January ..	1,067,489	5,993,389	650	10,800
February ..	255,379	5,476,635	950	12,500
March ..	224,881	683,325	900	12,000
April ..	92,647	539,016	1,400	11,000
May ..	639,611	349,904	1,600	9,000
June ..	1,028,905	1,971,983	750	8,500
July ..	632,637	929,616	500	8,300
August ..	137,433	6,413,743	1,100	10,000
September ..	713,027	2,365,014	550	10,000
October ..	164,113	2,322,769	700	10,500
November ..	373,088	5,081,210	650	10,000
December ..	5,750	1,587,502	2,000	9,000
Total ..	5,334,960	33,714,106	11,750	....

* The above off-take are exclusive of Shipments on private account to London and Shanghai.

GOVERNMENT SECURITIES.

RUPEES.

Security.	When Issued.	Amount outstanding as at 30th Septr. 1932.	When Repayable.	Dates when interest is due.
		Rs.		
3 per cent. Loan	1896	5,33,22,000	At the option of Government after three months' notice.	June 30, Dec. 31.
3½ per cent. Loan	1843	23,15,31,000		Feb. 1, Aug. 1.
Do.	1854	22,94,50,000		June 30, Dec. 31.
Do.	1865	36,30,13,000		May 1, Nov. 1.
Do.	1879	2,86,22,000		Jan. 16, July 16.
Do.	1900	34,90,40,000		June 30, Dec. 31.
4 per cent. Conversion Loan ..	1916	9,90,01,000	On Oct. 1, 1931, at three months' notice or not later than Oct. 1, 1936.	April, 1, Oct. 1.
4 per cent. Loan	1926	29,49,71,000	On or before 15th Sept. 1970 but not preceding 15th Sept. 1960 at three months' notice.	March 15, Sept. 15.
4 per cent. Loan	1927	19,53,79,000	On or before 1st August 1937 but not preceding 1st August 1934 with three months' previous notice.	August 1, Feb. 1.
4½ per cent. Bonds	1928	25,98,05,000	On 15th Sept. 1934 ..	March 15, Sept. 15.
4½ per cent. Loan	1928	9,05,70,000	On or before Sept. 15, 1960, but not preceding 15th Sept. 1955, with 3 months' previous notice	March 15, Sept. 15.
5 per cent. War Loan	1917	19,62,44,000	Aug. 15, 1929, to Aug. 15, 1947.	Feb. 15, Aug. 15.
5 per cent. Income-tax free Bonds.	1923 / 1924	11,38,43,000	Sept. 1, 1933	March 1, Sept. 1.
5 per cent. Ten Year Bonds ..	1925	12,83,15,000	Sept. 15, 1935	March 15, Sept. 15.
5 per cent. Income-tax free Loan *	1919	56,74,94,000	After Oct. 15, 1945, at three months' notice and not later than Oct. 15, 1955.	April 15, Oct. 15.
Do.	1923			
Do.	1924			
5 per cent. Loan	1929	27,78,12,000	After July 15, 1939, at three months' notice and not later than July 15, 1944.	Jan. 15, July 15.
6 per cent. Bonds	1930	20,18,69,000	On or before 15th Aug. 1936, but not preceding 15th August 1933, with three months' previous notice.	Feb. 15, Aug. 15.
6½ per cent Treasury Bonds ..	1931	16,94,72,000	Sept. 15, 1935	Mar. 15, Sept. 15.
6½ per cent. Punjab Loan	..	1,00,00,000	1933.	April 16, Oct. 16.
6½ per cent. Bombay Development Loan *	1920	9,38,93,300	Nov. 1, 1935	May 1, Nov. 1.
5½ per cent Bonds	1932	19,13,89,000	On or before 1st October 1940 but not preceding 1st Oct. 1938 with three months' previous notice.	April 1, Oct. 1.
5 per cent. Bonds	1932	25,18,47,000	On or before 1st October 1943 but not preceding 1st October 1940 with three months' previous notice.	April 1, Oct. 1.
Post Office Cash Certificates & ,, ,, Savings Bank Deposits	..	90,96,19,000		
Total Rs. ..	..	5,30,65,01,300		

The interest on Loans marked * is exempt from Income-tax, but not from Super-tax. It will be taken into account in determining the rate at which Income-tax will be levied on other income.

GOVERNMENT SECURITIES.

Sterling.

Description.	When issued.	Total sum raised.	Amount outstanding as on 30th Sept. 1932.	Date of termination of Loan.	When Int. due.
		£	£		
India 4½ per cent.	1922-23 ..	40,000,000	39,852,418	If not previously redeemed, will be repaid at par on 15th May 1955 with right to redeem at par on, or on any half yearly int. date after 15th May 1950 at 3 months' notice.	May 15. November 15.
India 4½ per cent. Stock.	1928 ..	17,500,000	17,500,000	If not previously redeemed, will be paid at par on 1st June 1968 with right to redeem at par on, or on any half yearly int. date after 1st June 1958 on giving 3 months' notice.	December 1. June 1.
India 3½ per cent. Stock.	Between 1887 & 1912.	88,767,884	88,667,884	Not redeemable until 5th January 1931, but on or after that day upon one year's notice.	January 5. April 5. July 5. October 5.
India 3 per cent. Stock.	Between 1894 & 1921-24.	77,065,347	77,024,185	Not redeemable until 5th October 1948, but on or after that day upon one year's notice.	January 5. April 5. July 5. October 5.
India 2½ per cent. Stock.	1896-98 ..	11,539,986	11,539,986	Redeemable at any time at Government's option with one year's previous notice.	January 5. April 5. July 5. October 5.
India 6 per cent. ..	1930 ..	7,000,000	6,954,400	15th June 1933 or on any half yearly interest date thereafter at three months' notice but not later than 15th June 1935.	June 15. Dec. 15.
Do.	1930 (15 Oct.)	12,000,000	11,952,200	On 15th October 1935 or on any interest date thereafter at three months' notice, but not later than 15th October 1937.	April 15. October 15.
India 5½ per cent. Stock "A".	1931 ..	17,181,249	17,133,844	On 15th July 1936 or on any half yearly interest date thereafter at 3 months' notice but not later than 15th July 1938.	January 15. July 15.
India 6 per cent. Bonds.	1931 ..	10,000,000	9,965,000	If not redeemed on 15th December 1933, will be repaid at par after 3 months' notice but not later than 15th December 1934.	June 15. December 15.
5 per cent. Stock ..	1932 ..	10,000,000	10,000,000	If not redeemed on 15th June 1942 will be repaid at par after 3 months' notice but not later than 15th June 1947.	June 15. December 15.
		Total Debt in England	290,589,917	@ 1s. 6d=Rs. 387.45 crores..	

TREASURY BILLS OUTSTANDING ON 31ST DECEMBER 1932.

Approximate due date.	Amount Issued.	Average Rate.	Tenure.	Date of Issuance.
	Rs.	Rs. a. p.		
8th January 1933	3,25,000	3 10 6	6 months	8th July 1932.
12th to 17th January 1933	92,00,000	99 7 0	3 ,,	12th to 17th October 1932.
13th to 18th January 1933	2,39,00,000	98 4 0	6 ,,	13th to 18th July 1932.
14th January 1933	1,62,75,000	2 5 5	3 ,,	14th October 1932.
15th January 1933	33,25,000	3 10 6	6 ,,	15th July 1932.
19th to 24th January 1933	76,75,000	99 7 0	3 ,,	19th to 24th October 1932.
20th to 25th January 1933	4,89,50,000	98 4 0	6 ,,	20th to 25th July 1932.
21st January 1933	2,00,00,000	2 7 6	3 ,,	21st October 1932.
21st to 26th January 1933	83,75,000	99 5 0	4 ,,	21st to 26th September 1932.
22nd January 1933	1,81,00,000	3 10 0	6 ,,	22nd July 1932.
23rd January 1933	1,96,75,000	2 5 6	4 ,,	23rd September 1932.
27th January 1933	2,00,00,000	2 7 11	3 ,,	27th October 1932.
27th January to 1st February 1933	2,55,75,000	98 5 0	6 ,,	27th July to 1st August 1932.
28th January to 1st February 1933	8,25,000	99 5 0	4 ,,	28th September to 1st October 1932
29th January 1933	1,79,00,000	3 9 3	6 ,,	29th July 1932.
30th January 1933	1,62,50,000	2 6 4	4 ,,	30th September 1932.
TOTAL ..	25,66,50,000			
4th February 1933	1,50,00,000	2 7 9	3 ,,	4th November 1932.
4th to 10th February 1933	25,00,000	99 4 0	4 ,,	4th to 10th October 1932.
5th February 1933	2,00,00,000	3 8 3	6 ,,	5th August 1932.
7th February 1933	1,19,00,000	2 8 5	4 ,,	7th October 1932.
11th February 1933	1,00,00,000	2 7 10	3 ,,	11th November 1932.
18th February 1933	1,00,00,000	2 7 4	3 ,,	18th November 1932.
23rd to 28th February 1933	2,61,75,000	99 7 0	3 ,,	23rd to 28th November 1932.
25th February 1933	1,00,00,000	2 6 0	3 ,,	25th November 1932.
28th February 1933	3,44,50,000	98 8 6	6 ,,	31st August 1932.
TOTAL ..	14,00,25,000			
28th February to 5th March 1933	40,25,000	99 7 0	3 ,,	30th November to 5th Decr. 1932.
2nd March 1933	1,00,00,000	2 6 4	3 ,,	2nd December 1932.
2nd March 1933	2,00,00,000	3 0 3	6 ,,	2nd September 1932.
6th to 12th March 1933	1,59,00,000	98 9 0	6 ,,	6th to 12th September 1932.
7th to 12th March 1933	14,25,000	99 7 0	3 ,,	7th to 12th December 1932.
9th March 1933	1,83,25,000	2 15 4	6 ,,	9th September 1932.
9th March 1933	72,00,000	2 6 8	3 ,,	9th December 1932.
14th to 19th March 1933	26,75,000	99 7 0	3 ,,	14th to 19th December 1932.
14th to 19th March 1933	35,25,000	98 9 0	6 ,,	14th to 19th September 1932.
16th March 1933	58,75,000	2 15 7	6 ,,	16th September 1932.
16th March 1933	99,25,000	2 8 1	3 ,,	16th December 1932.
21st to 30th March 1933	12,25,000	99 7 0	3 ,,	21st to 30th December 1932.
23rd March 1933	3,25,000	3 0 0	6 ,,	23rd September 1932.
23rd March 1933	1,00,00,000	2 10 0	3 ,,	23rd December 1932.
TOTAL ..	11,04,25,000			
GRAND TOTAL ..	50,71,00,000			

STATEMENT OF LOANS RAISED BY THE BOMBAY MUNICIPALITY.

Date of Issue.	Rate of Interest.	Amount outstanding on 31st December 1932.	Dates on which half-yearly payments of Interest are due.	When repayable.
		Rs.		
Between 5th January 1886 and 24th December 1891 ..	5 per cent.	1,45,00,000	1st April, 1st October.	Between 1st January 1933 and 1st January 1953.
1894-95 ..	4 per cent.	23,25,000	1st January, 1st July.	1st July 1935.
1896-99 ..	3½ per cent.	10,00,000	,, ,,	1st July 1936.
	4 per cent.	5,75,000		
1899 ..	,,	25,00,000	1st May, 1st November.	1st November 1939.
1899-1900 ..	,,	19,25,000	1st June, 1st December.	1st June 1940.
1901-03 ..	,,	24,75,000	,, ,,	1st June 1943.
1904 ..	,,	12,75,000	1st February, 1st August.	1st August 1934.
1905-07 ..	,,	24,75,000	,, ,,	1st August 1946.
1908 ..	,,	13,50,000	1st May, 1st November.	1st May 1938.
1909 ..	,,	15,00,000	,, ,,	1st May 1949.
1909-10 ..	,,	30,00,000	,, ,,	1st May 1949.
1911-13 ..	,,	55,00,000	1st June, 1st December.	1st June 1942.
1913-14 ..	,,	70,00,000	,, ,,	1st June 1954 and 1st June 1974.
1913-15 ..	,,	20,00,000	1st May, 1st November.	1st May 1955.
1915 ..	,,	43,00,000	,, ,,	1st May 1945.
1920 ..	5 per cent.	10,00,000	1st January, 1st July.	1st July 1980.
1920 ..	4 per cent.	30,00,000	,, ,,	1st January 1951.
1920 ..	6½ per cent.	50,00,000	1st May, 1st November.	1st Nov. 1935-1950.
1921 ..	,,	75,00,000	,, ,,	1st Nov. 1936-1951.
1922 ..	5½ per cent.	41,10,578	31st March (yearly).	By annual equated payments.
1922 ..	4¾ per cent.	20,22,014	,, ,,	,, ,,
1922-23 ..	5½ per cent.	96,65,318	,, ,,	,, ,,
1922-23 ..	6 per cent.	21,20,679	,, ,,	,, ,,
1923-24 ..	,,	2,11,31,314	,, ,,	,, ,,
1924 ..	,,	54,96,697	,, ,,	,, ,,
1924-25 ..	5¾ per cent.	1,31,54,016	,, ,,	,, ,,
1924-25 ..	5½ per cent.	45,24,538	,, ,,	,, ,,
1924 ..	6 per cent.	67,77,000	1st June, 1st December.	1st December 1954.
1924-25 ..	,,	92,23,000	,, ,,	,, ,,
1926 ..	5½ per cent.	36,19,635	31st March (yearly).	By annual equated payments.
1926-27 ..	5 per cent.	64,17,819	,, ,,	,, ,,
1928 ..	,,	37,40,504	,, ,,	,, ,,
1928 ..	,,	25,00,000	1st January, 1st July.	1st January 1958.
1929 ..	,,	26,21,500	1st August, 1st February.	1st August 1959.
1929 ..	,,	26,14,000	,, ,,	1st ,, 1949-59.
1929 ..	,,	8,45,500	,, ,,	1st ,, 1954-59.
1930 ..	6 per cent.	40,00,000	1st June, 1st December.	1st Dec. 1950 or thereafter at 3 months' notice but not later than 1st Dec. 1960.
Total ..		17,47,84,112		

STATEMENT OF LOANS RAISED BY THE BOMBAY IMPROVEMENT TRUST TO END OF 1932.

Description of Loans (all for 60 years).	When issued.	Amount raised in lacs of rupees.	Rate of Interest.	Dates on which half-yearly payments of interest are due.
Rupee Coupon Debenture Loan	1899	50·00	4 per cent.	1st May, 1st Nov.
Debenture Loan	1901	30·00	Do.	1st Jan., 1st July.
Do. do.	1902	30·00	Do.	Do. do.
Do. do.	1903	60·00	Do.	Do. do.
Do. do.	1904	50·00	Do.	Do. do.
Do. do.	1905	30·00	Do.	Do. do.
Do. do.	1906	20·00	Do.	Do. do.
Do. do.	1907	15·00	Do.	Do. do.
Do. do.	1908	30·00	Do.	Do. do.
Sterling Coupon Debenture Loan	1909	84·99	Do.	Do. do.
Do. do. ..	1910	49·95	Do.	Do. do.
Debenture Loan	1912	25·00	Do.	Do. do.
Do. do.	1913	18·00	Do.	Do. do.
Do. do.	1914	50.00	Do.	Do. do.
Do. do.	1916	25·00	Do.	Do. do.
Do. do.	1919	40·00	5 per cent.	1st May, 1st Nov.
Do. do.	1920	70·00	6 ,,	Do. do.
Do. do.	1920	275·00	6½ ,,	Do. do.
Do. do.	1921	95·00	6½ ,,	Do. do.
Do. do.	1922	45·00	4¾ ,,	31st March (annually).
Do. do.	1922-23	172·00	5½ ,,	Do.
Do. do.	1923-24	89·00	6 ,,	Do.
Do. do.	1924-25	100·00	5¾ ,,	Do.
Do. do.	1925-26	70·00	5½ ,,	Do.
Do. do.	1926	25·00	5 ,,	1st Jan., 1st July.
Do. (43 year Loan) ..	1927	25·00	4 ,,	Do. do.
Do. (10 year Loan) ..	1928	20·00	4½ ,,	Do. do.
Do. (60 years) ..	1929	25·00	5½ ,,	Do. do.
Do. (6 year Loan) ..	1930	20·00	6 ,,	Do. do.
Do. (do.) ..	1931	30·00	6½ ,,	Do. do.
Total ..		16,68·94*		

* During 1932 Rs. 8 lacs were received from the Government.

STATEMENT OF LOANS RAISED BY THE BOMBAY PORT TRUST TO THE END OF DECEMBER 1932.

Description of Loan.	Amount raised.	Rate of Interest.	Dates on which half-yearly payments of interest are due.	When redeemable.
	Rs.			
Foreshore Securities (Guaranteed) ..	75,42,800	4%	1st April, 1st Oct.	After expiration of three months' notice to be given by the Trustees.
Debenture Loans (unguaranteed).				
1903 (30 years.) ..	16,00,000	4%	1st March, 1st Sept.	1st Nov. 1933.
1904 (60 yrs.) ..	36,50,000	,,	1st Jan., 1st July.	1st Nov. 1964.
1905 ,, ..	35,00,000	,,	1st Feb., 1st Aug.	1st Nov. 1965.
1906 ,, ..	15,00,000	,,	1st March, 1st Sept.	1st Feb. 1967.
1906 (30 yrs.) ..	6,00,000	,,	,, ,,	1st Feb. 1937.
1907 (60 yrs.) ..	44,00,000	,,	1st May, 1st Nov.	1st Feb. 1968.
1908 ,, ..	75,00,000	,,	1st March, 1st Sept.	1st Feb. 1969.
1909 ,, ..	40,00,000	,,	1st Jan., 1st July.	1st Jan. 1970.
1910 ,, ..	56,00,000	,,	1st April, 1st Oct.	1st Jan. 1971.
1911 ,, ..	75,00,000	,,	1st June, 1st Dec.	1st Jan. 1972.
1912 ,, ..	1,10,00,000	,,	1st Feb., 1st Aug.	1st Feb. 1973.
1913 (47 yrs.) ..	14,35,876	,,	1st April, 1st Oct.	31st March 1960.
1913 (60 yrs.) ..	80,00,000	,,	1st Jan., 1st July.	1st Jan. 1974.
1914 ,, ..	88,25,000	,,	1st April, 1st Oct.	1st Jan. 1975.
1914 (30 yrs.) ..	38,75,000	,,	1st May, 1st Nov.	1st Nov. 1944.
1915 (45 ,,) ..	10,00,000	,,	1st April, 1st Oct.	31st March 1960.
1915 (60 ,,) ..	55,00,000	,,	1st June, 1st Dec.	5th Oct. 1975.
1916 (20 ,,) ..	25,00,000	4½%	1st May, 1st Nov.	1st Nov. 1936.
1922 (37⅓ ,,) ..	61,61,000	4%	1st June, 1st Dec.	31st March 1960.
1924 (35½ ,,) ..	11,51,000	,,	1st April, 1st Oct.	31st March 1960.
1926 (35$\frac{5}{11}$,,) ..	10,25,000	3½%	1st May, 1st Nov.	31st March 1960.
1929 (30 ,,) ..	35,00,000	,,	1st Feb., 1st Aug.	1st Aug. 1959.
1930 (20 ,,) ..	38,50,000	4%	1st Jan., 1st July.	1st Jan. 1950.
1930 (30 ,,) ..	12,50,000	3½%	1st May, 1st Nov.	1st Nov. 1960.
1931 ,, ..	12,50,000	,,	,, ,,	1st Nov. 1961.
1932 ,, ..	13,50,000	,,	1st March, 1st Sept.	1st Sept. 1962.
Loans in England.				
1909 (30 yrs.) ..	66,66,666* (£500,000)	4%	1st Jan., 1st July.	1st July 1939.
1910 ,, ..	66,66,666* (£500,000)	,,	,, ,,	1st July 1940.
1922 ,, ..	2,13,33,333* (£1,600,000)	6%	1st Feb., 1st Aug.	1st Aug. 1952.
Grand Total ..	14,37,32,341			

* Exchange calculated at 1*s.* 6*d.* to the rupee.

PRICES OF GOVERNMENT SECURITIES—1932.

—		3½ per cent. paper.	4 per cent. Loans.			4½ per cent. Loans.		5 per cent. Loans.						5½ per cent. Loan.	6 per cent. Bonds.		6½ per cent. Treasury Bonds.	6½ per cent. Bombay Development Loan.
			1931-36.	1934-37.	1960-70.	1934.	1955-60.	1929-47.	1933.	1935.	1939-44.	1940-43.	1945-55.	1938-40	1932.	1933-36.	1935.	1935.
		Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
Jan.	Highest ..	54 8 0	85 4 0	83 8 0	61 8 0	92 6 0	69 4 0	79 14 0	97 14 0	90 12 0	79 12 0	..	92 4 0	..	99 14 0	95 10 0	101 4 0	101 3 0
	Lowest ..	51 6 0	84 4 0	82 0 0	59 0 0	90 12 0	67 12 0	78 12 0	95 14 0	89 14 0	78 10 0	..	88 10 0	..	99 2 0	93 0 0	100 0 0	100 0 0
	Average ..	53 1 2	84 10 11	82 12 1	60 2 11	91 6 11	68 4 4	79 5 4	96 11 5	90 4 3	79 5 4	..	90 6 5	..	99 7 0	94 0 8	100 8 8	100 7 8
Feb.	Highest ..	60 14 0	88 4 0	87 4 0	67 12 0	95 12 0	75 0 0	85 4 0	99 12 0	96 2 0	86 2 0	..	97 2 0	..	100 4 0	99 0 0	101 14 0	102 10 0
	Lowest ..	53 10 0	85 4 0	83 8 0	61 10 0	92 6 0	69 2 0	79 14 0	97 ¼4 0	91 2 0	79 12 0	..	91 14 0	..	99 14 0	95 10 0	101 4 0	101 1 0
	Average ..	56 7 6	86 3 6	84 9 10	63 12 6	93 11 8	70 10 4	81 12 11	98 9 10	93 3 1	81 15 10	..	93 9 3	..	100 1 0	96 10 7	101 8 2	101 7 11
March	Highest ..	63 6 0	91 8 0	90 0 0	69 4 0	97 0 0	78 8 0	89 4 0	100 2 0	97 2 0	90 0 0	..	98 14 0	..	100 9 0	100 1 0	102 2 0	103 4 0
	Lowest ..	60 4 0	88 12 0	87 8 0	68 0 0	96 0 0	76 0 0	85 8 0	99 14 0	96 2 0	86 2 0	..	97 6 0	..	100 6 0	99 4 0	102 0 0	102 14 0
	Average ..	61 13 7	90 0 10	88 14 7	68 12 8	96 11 6	77 7 0	87 13 4	100 0 3	96 13 6	88 10 8	..	98 4 1	..	100 7 7	99 10 5	102 1 0	103 1 0
April.	Highest ..	62 10 0	93 0 0	92 0 0	69 0 0	97 8 0	79 12 0	91 0 0	100 3 0	97 10 0	92 0 0	..	99 8 0	..	100 10 0	100 3 0	102 6 0	104 8 0
	Lowest ..	60 2 0	91 12 0	90 8 0	69 0 0	96 12 0	78 6 0	89 4 0	100 1 0	97 3 0	90 6 0	..	98 8 0	..	100 8 0	100 0 0	102 0 0	103 3 0
	Average ..	61 8 9	92 7 11	91 6 5	68 6 4	97 1 7	78 10 9	89 15 4	100 2 2	97 6 4	91 4 4	..	98 15 11	..	100 9 4	100 2 2	102 3 3	103 14 3
May.	Highest ..	63 11 0	93 8 0	92 8 0	72 4 0	97 14 0	81 0 0	94 12 0	100 9 0	98 0 0	95 8 0	..	101 2 0	..	100 11 0	100 12 0	102 8 0	104 12 0
	Lowest ..	62 3 0	93 3 0	92 2 0	69 0 0	97 8 0	79 12 0	91 0 0	100 1 0	97 10 0	92 0 0	..	99 7 0	..	100 8 0	100 3 0	102 4 0	104 4 0
	Average ..	62 14 7	93 5 1	92 5 5	70 3 8	97 10 7	80 4 2	93 3 5	100 5 2	97 13 4	94 0 10	..	100 1 0	..	100 9 8	100 6 5	102 6 4	104 10 0
June.	Highest ..	62 14 0	93 8 0	92 8 0	71 0 0	97 15 0	80 12 0	94 11 0	100 9 0	98 0 0	95 4 0	..	100 15 0	98 4 0	100 12 0	100 10 0	102 10 0	104 12 0
	Lowest ..	60 11 0	93 4 0	92 4 0	69 14 0	97 11 0	79 0 0	93 8 0	100 7 0	97 12 0	93 8 0	..	100 6 0	98 3 0	100 9 0	100 6 0	102 4 0	104 8 0
	Average ..	61 14 9	93 5 3	92 5 8	70 3 0	97 13 4	79 14 2	94 7 1	100 8 2	97 14 2	94 3 7	..	100 11 8	98 3 5	100 10 4	100 7 5	102 7 2	104 9 9
July.	Highest ..	70 4 0	95 12 0	95 0 0	79 7 0	99 10 0	89 8 0	95 12 0	101 5 0	100 2 0	97 2 0	..	104 4 0	101 8 0	100 10 0	102 0 0	104 10 0	105 8 0
	Lowest ..	68 9 0	93 0 0	92 8 0	70 0 0	98 0 0	79 6 0	93 8 0	100 10 0	97 15 0	93 8 0	..	101 1 0	98 4 0	100 9 0	100 7 0	102 10 0	104 11 0
	Average ..	68 15 1	94 11 2	93 14 8	76 1 5	98 14 3	85 9 9	95 2 9	100 15 4	99 2 6	95 11 5	..	103 7 8	100 7 10	100 9 5	101 6 2	103 8 10	105 1 2
Aug.	Highest ..	70 0 0	96 10 0	95 10 0	79 11 0	99 12 0	90 4 0	98 10 0	101 10 0	100 6 0	99 2 0	99 12 0	105 3 0	102 4 0	100 10 0	102 9 0	104 12 0	105 12 0
	Lowest ..	67 14 0	95 13 0	95 0 0	78 14 0	99 7 0	89 8 0	95 12 0	101 4 0	100 2 0	97 2 0	98 10 0	104 4 0	101 8 0	100 4 0	101 9 0	104 6 0	105 7 0
	Average ..	68 1 1	96 1 9	95 8 5	79 7 3	99 9 8	90 0 9	97 8 8	101 6 4	100 4 0	98 3 5	99 0 10	104 14 0	101 13 7	100 6 6	102 1 0	104 9 11	105 9 11
Sept.	Highest ..	69 12 0	97 0 0	96 2 0	80 0 0	99 13 0	90 2 0	99 1 0	101 7 0	100 12 0	99 5 0	99 6 0	105 2 0	102 6 0	100 4 0	101 12 0	104 14 0	106 0 0
	Lowest ..	68 5 0	96 8 0	95 8 0	78 14 0	99 11 0	90 0 0	98 8 0	101 5 0	100 6 0	98 14 0	98 10 0	104 10 0	102 2 0	100 0 0	101 10 0	104 6 0	105 10 0
	Average ..	68 14 0	96 12 4	95 12 8	79 3 3	99 11 8	90 0 7	98 11 4	101 6 1	100 7 8	99 0 4	98 15 0	104 12 8	102 4 5	100 2 1	101 11 1	104 8 7	105 12 9
Oct.	Highest ..	77 0 0	97 14 0	96 15 0	85 0 0	100 2 0	93 14 0	100 12 0	101 12 0	101 2 0	101 4 0	101 4 0	108 1 0	103 7 0	..	102 2 0	105 10 0	107 8 0
	Lowest ..	70 1 0	97 2 0	96 2 0	80 2 0	99 14 0	90 2 0	99 2 0	101 6 0	100 13 0	99 5 0	99 7 0	105 3 0	102 7 0	..	101 6 0	104 14 0	106 0 0
	Average ..	72 14 11	97 8 10	96 9 11	82 15 0	100 0 11	92 1 4	100 0 11	101 9 0	101 0 10	100 6 7	100 7 10	106 11 6	103 0 1	..	101 12 7	105 3 9	106 14 0
Nov.	Highest ..	75 8 0	98 4 0	97 11 0	85 5 0	100 11 0	95 0 0	100 4 0	101 6 0	101 12 0	101 5 0	101 6 0	106 12 0	103 6 0	..	101 6 0	105 6 0	106 10 0
	Lowest ..	71 9 0	97 12 0	97 0 0	83 12 0	100 2 0	93 8 0	100 2 0	101 4 0	101 1 0	100 12 0	100 14 0	105 13 0	102 14 0	..	101 4 0	105 0 0	106 0 0
	Average ..	73 5 9	97 15 0	97 7 1	84 12 10	100 6 5	94 11 0	100 3 0	101 5 1	101 6 1	101 1 7	101 1 9	106 1 4	103 2 10	..	101 4 9	105 3 2	106 2 9
Dec.	Highest ..	74 5 0	98 12 0	98 4 0	85 4 0	100 14 0	95 8 0	101 1 0	101 8 0	101 14 0	102 8 0	102 7 0	107 0 0	104 8 0	..	101 14 0	105 12 0	106 14 0
	Lowest ..	71 8 0	98 4 0	97 4 0	83 12 0	100 8 0	94 11 0	100 4 0	101 5 0	101 8 0	101 3 0	101 4 0	105 12 0	103 4 0	..	101 4 0	105 2 0	106 2 0
	Average ..	72 15 6	98 7 11	97 14 3	84 7 6	100 11 5	95 0 5	100 9 5	101 6 7	101 11 10	101 12 0	101 12 6	106 7 5	103 12 2	..	101 10 1	105 7 2	106 6 11
Highest of the year.		77 0 0	98 12 0	98 4 0	85 5 0	100 14 0	95 8 0	101 1 0	101 12 0	101 14 0	102 8 0	102 7 0	108 1 0	104 8 0	100 12 0	102 9 0	105 12 0	107 8 0
Lowest „		51 6 0	84 4 0	82 0 0	59 0 0	90 12 0	67 12 0	78 12 0	95 14 0	89 14 0	78 10 0	98 10 0	88 10 0	98 3 0	99 2 0	93 0 0	100 0 0	100 0 0
Average „		65 3 10	93 7 6	89 15 5	74 3 4	97 15 10	83 8 10	93 9 5	100 5 9	97 13 9	93 10 3	100 4 4	101 3 3	101 13 2	100 5 2	100 1 7	103 5 0	104 14 10

BANK RATE CHANGES.

BANK OF BOMBAY.

		Per cent.
1902.		
January	9	6
Do.	16	7
February	13	8
March	27	7
April	10	6
May	1	5
June	19	4
July	17	3
November	6	4
December	23	5
Average		**4·778**
1903.		
January	15	6
Do.	29	7
February	19	8
March	12	7
April	16	6
May	14	7
Do.	21	8
June	4	7
Do.	18	6
Do.	25	5
July	2	4
August	20	3
December	10	4
Do.	17	5
Do.	30	6
Average		**5·082**
1904.		
February	11	7
Do.	25	6
March	10	5
May	19	4
June	16	3
December	13	4
Do.	20	5
Average		**4·147**
1905.		
February	2	6
Do.	16	7
March	9	8
Do.	30	7
April	6	6
Do.	14	5
July	6	4
Do.	27	3
August	10	4
November	23	5
Do.	30	6
December	14	7
Average		**5·101**

		Per cent.
1906.		
January	4	8
February	1	9
March	15	8
Do.	22	7
Do.	29	6
April	26	7
May	24	6
June	21	5
July	12	4
Do.	19	3
August	9	4
September	12	5
November	15	6
Do.	22	7
Do.	29	8
December	13	9
Average		**6·263**
1907.		
March	7	8
May	2	7
Do.	9	6
June	6	7
Do.	20	6
Do.	27	5
July	4	4
August	1	3
September	26	4
November	7	5
December	12	6
Average		**5·939**
1908.		
January	3	7
Do.	9	8
February	6	9
March	19	8
Do.	26	7
April	16	8
May	28	7
June	25	6
July	2	5
Do.	16	4
Do.	23	3
October	22	4
November	5	5
December	10	6
Average		**5·920**
1909.		
January	14	7
May	13	6
June	3	5
Do.	24	4
July	15	3
November	4	4
Do.	18	5
Do.	25	6
Average		**5·137**

		Per cent.
1910.		
March	3	7
May	12	6
June	2	5
Do.	23	4
July	7	3
October	6	4
November	3	5
Do.	17	6
December	15	7
Average		**5·164**
1911.		
May	18	6
June	1	5
Do.	21	4
July	13	3
October	19	4
December	21	5
Average		**5·019**
1912.		
January	11	6
Do.	18	7
February	1	8
Do.	22	7
March	20	6
May	9	5
June	13	4
July	11	3
October	3	4
November	14	5
Do.	28	6
December	12	7
Do.	27	8
Average		**5·062**
1913.		
April	3	7
May	29	6
June	12	5
July	3	4
Do.	17	3
August	7	4
September	10	5
October	10	6
Do.	31	5
Average		**5·912**
1914.		
January	15	6
May	21	5
June	4	4
Do.	25	3
August	6	4
Do.	13	5
Do.	20	6
Average		**5·405**
1915.		
June	2	5
November	4	6
Average		**5·575**

		Per cent.
1916.		
January	6	7
Do.	13	8
April	13	7
May	25	6
June	15	5
July	13	4
August	17	5
October	5	6
November	23	7
Do.	30	8
Average		**6·423**
1917.		
February	22	7
March	15	6
August	23	5
December	6	6
Average		**6·054**
1918.		
May	23	5
November	7	6
Average		**5·539**
1919.		
January	16	7
March	7	6
June	12	5
Average		**5·580**
1920.		
January	22	6
February	5	7
April	8	8
Do.	22	9
May	13	8
Do.	27	7
June	16	6
July	29	5
November	4	6
Do.	12	7
Average		**6·363**
IMPERIAL BANK.		
1921.		
March	3	6
June	2	5
December	15	6
Do.	29	7
Average		**5·638**
1922.		
February	16	8
April	27	7
June	1	6
Do.	15	5
July	6	4
October	26	5
December	14	6
Do.	28	7
Average		**5·810**
1923.		
January	11	8
May	25	7
Do.	31	6
June	7	5
Do.	28	4
November	15	5
Do.	29	6
December	20	7
Average		**5·947**

		Per cent.
1924.		
January	3	8
February	14	9
April	10	8
May	29	7
June	19	6
July	3	5
Do.	31	4
August	21	5
October	16	6
Average		**6·674**
1925.		
January	22	7
May	21	6
June	18	5
July	2	4
September	24	5
December	3	6
Average		**5·635**
1926.		
May	20	5
June	10	4
Average		**4·819**
1927.		
January	1	5
Do.	13	6
February	10	7
June	2	6
Do.	23	5
July	28	4
September	8	5
December	8	6
Do.	22	7
Average		**5·726**
1928.		
June	21	6
July	19	5
November	15	6
December	13	7
Average		**6·196**
1929.		
February	14	8
April	11	7
May	9	6
June	6	5
October	10	6
Do.	31	7
Average		**6·323**
1930.		
April	3	6
July	10	5
November	20	6
Average		**5·887**
1931.		
January	15	7
May	28	6
August	6	7
September	22	8
Average		**7·046**
1932.		
January	14	7
February	24	6
April	28	5
July	7	4
Average		**5·019**

COTTON MILLS.

Name of Company.	No. of Spindles.	No. of Looms.	Price during boom period 1920-21.	Quotations in 1932.		Intrinsic Value.* Less Depreciation.	Quotation at the close of year.
				Highest.	Lowest.		
			Rs.	Rs. As.	Rs. As.	Rs.	Rs. As.
Ahmedabad Advance	30,692	602	3,300	315	255	556	315
Bombay Dyeing	1,81,624	4,850	4,395	696-4	616-4	1,149	660
Central India	1,01,008	2,196	6,400	298-12	216-4	388	263-12xd
Century	1,20,424	3,130	1,545	223-12	171-4	544	206-4
Colaba Land	44,564	719	3,800	80-10	52-8	155	70
Coorla	27,568	719	340	115	115	267	115
Crescent	44,688	1,067	820	58-2	31-4	190	34-1
Currimbhoy	82,440	1,048	2,365	58-2	29	365	29N
David	80,360	1,164	1,925	85	85	233	85
Dawn	43,152	..	1,800	500	450	1,178	465
Ebrahim Pabaney	56,408	1,054	1,250	107-8	65	385	65
Edward Sassoon	45,808	1,016	820	25	25	171	25N
Finlay	46,072	812	1,845	85	66-4	110	80
Fazulbhoy	52,296	1,988	2,150	330	231-4	500	250
Indore Malwa	45,954	1,313	875	358-12	305	335	348-12
Khatau	62,268	1,513	920	83-12	60	175	65
Kohinoor	57,740	1,430	4,800	151-4	93-12	196	138-12
Laxmi Cotton	45,792	851	5,250	975	682-8	1,242	917-8
Meyer Sassoon	42,216	1,038	570	15	15	144	15
Morarji Goculdas	78,992	1,648	8,000	425	295	6,510	390N
New City	43,128	416	1,040	63-12	35	50	35N
New Great	49,668	1,036	1,375	143-12	97-8	305	112-8
Phœnix	52,868	744	1,430	292-8	250	664	282-8
Pearl	53,820	1,760	1,622	191-4	120	390	120-10
Sholapur	1,11,360	2,225	18,500	2,190	1,410	15,860	2,190
Simplex	37,208	1,323	1,335	58-12	13-12	264	58-12
Swan	31,450	604	1,700	57-8	55	94	55N
Swadeshi	79,024	2,433	6,030	225	173-12	460	207-8
Vishnu Cotton	49,392	1,254	2,375	1,705	1,030	2,100	1,647-8

* The intrinsic value is arrived at by valuing the mill at total book cost after adding liquid assets and deducting liabilities.

JUTE MILLS.

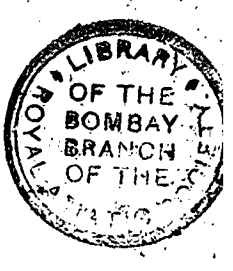
Name of Company.	Number of Looms.	Quotations 1917 to 1931.		Quotations in 1932.		Intrinsic Value† Less depreciation.	Quotations at the close of year.
		Highest.	Lowest.	Highest.	Lowest.		
*Albion	498	635	215	270	155	325	195xd
*Alliance	1,232	922	215	270	140	400	195
*Anglo India	2,561	573	110	300	200	388	240
*Auckland	810	515	115	190	107	182	135xd
*Bally	825	369-8	103	139	77	196	102
*Barnagore	1,744	347	78	141	72	230	104
*Belvedere	820	785	230	355	220	332	255xd
*Budge Budge ..	990	820	230	330	195	448	380
*Caledonian	616	860	218	490	295	478	485
*Clive	969	79-8	17	27-2	16	34	20-14
*Dalhousie	766	832	195	354	220	396	310
*Delta	779	870	245	375	220	437	285
Empire	500	99	29	41	27	63	30-8
Fort Gloster	1,884	1,565	360	480	265	1,095	390
Fort William	1,014	620	107	265	140	338	190
Gondalpara	600	1,600	500	790	510	1,127	640
Gourepore	1,392	1,670	255	310	180	685	230xd
Howrah	1,940	70-10	23	44-4	28-14	41	36-8
Hooghly	454	175	42	61	41	73	54-8
Kamarhatty	1,797	1,198	226	424	247	446	353
Kanknarrah	1,527	905	265	395	238	355	347
*Kelvin	702	1,460	405	550	410	665	470
Khardah	1,457	760	260	375	230	422	335
Kinnison	1,250	1,810	378	630	425	760	545
*Lansdowne	846	626	102	165	70	210	110
*Lawrence	840	1,060	220	455	295	560	383
*Lothian	558	705	125	305	180	286	245
Naihatty	815	900	200	370	230	755	320
New Central	709	1,055	275	402	280	464	310
*Northbrook	567	113	25-8	51	33	53	40-8
Reliance	1,276	101	20-8	67	47	55	58-8
*Standard	650	933	250	315	185	352	230
*Union	1,326	1,280	237	405	270	608	325

* The intrinsic value of these is arrived at by valuing each loom at Rs. 5,000.

† The intrinsic value is arrived at by valuing the mill at total book cost after adding liquid assets and deducting liabilities.

14 FEB 1934

ANNUAL MARKET REVIEW
1933.



PREMCHAND ROYCHAND & SONS,
BOMBAY.

ANNUAL MARKET REVIEW
1933.

PREMCHAND ROYCHAND & SONS.
PARTNERS {SIR KIKABHAI PREMCHAND, KT.
{MANEKLAL PREMCHAND.
TELEGRAMS: "PRONOWN"
PHONE: 20173 AND 25671.

63, APOLLO STREET,
BOMBAY, 1ST JANUARY 1934.

INTRODUCTORY.

It is possible to write of 1933 only as a year of thwarted endeavour. In many important directions there has even been retrogression, rendering the economic and political situation less favourable than when the year began. All the major causes of the world slump are still in operation, including low commodity prices, abnormal tariff and exchange restrictions, fluctuating currencies, extensive unemployment, war debt commitments, maldistribution of gold reserves, etc. On the whole, it cannot be claimed that the spirit, and practice, of international co-operation have made much progress; on the contrary, not merely have many international conferences proved fruitless; there has been a weakening of the international organisations upon whose existence and smooth functioning international consultation and co-operation have come to depend. As the outcome of the Geneva discussions on her Manchurian adventure Japan resigned her membership of the League of Nations; the pre-occupation of the United States with its own economic and monetary difficulties led to the formulation of policies which rendered inevitable the collapse, or at best the adjournment for an indefinite period, of the World Economic Conference; while it was reserved for Germany, following its political unification under Nazi leadership, to break up the Disarmament Conference and emulate Japan by leaving the League.

It is perfectly true that in each case powerful considerations could be adduced in favour of unilateral action; Japan, with her large and rapidly growing population, undoubtedly feels impelled, despite world criticism, to acquire new sources of raw materials as well as new outlets for her manufactured products; the United States, however desirous of international collaboration, is passing through changes involving fundamental reforms in her economic system which, until completed, render co-operation difficult; while Germany, however natural and widespread may be the suspicions her action has provoked, is nevertheless apparently convinced that, in the final result, her tactics will prove more effective in reducing armaments than the prolonged and infructuous conferences at Geneva at which the discussions, despite their apparent sincerity, nevertheless always failed to produce any result approximating to a workable and enforceable agreement.

But whatever the explanations, on the part of Japan in justifying territorial aggression and expansion; on the part of the United States, in deferring measures intended to promote economic disarmament; or on the part of Germany, in breaking up the Disarmament Conference, the fact remains that international organisations, designed to promote concerted action, have been enfeebled or entirely dissolved, that the sense of political antagonism and insecurity has been proportionately intensified, and that the previous movement towards the breaking down of economic barriers has been simultaneously retarded. Furthermore, in relation to the objective of lower tariffs, difficult as this had already become, it would be idle to deny that the situation has been

rendered more complicated, and concerted reductions less easy to negotiate, owing to the emergence of Japan, in relation to an ever-widening range of manufactures, as a competitor selling at prices beyond the range of Western competition and consequently enabling her industries to secure a rapidly increasing percentage of the relatively small volume of international trade which has survived the decimating restrictions of the last three years. If Indian industries have found it so difficult to reduce their costs of production and prices sufficiently to combat Japanese competition, it is easy to envisage the still more formidable problems created by such rivalry for Western manufacturers, owing to such impediments as high and inelastic wage levels, high taxation, etc. Indeed the gap is so wide that, in Europe and the United States, Japanese industrial and trading methods are being freely denounced as a menace to Western standards of living, and, as in India, Governments are being appealed to, with increasing force and urgency, to formulate and apply defensive measures adequate to offset the severity of the attack.

At the beginning of 1934 the world therefore finds itself confronted with a series of economic problems which betray a tendency to grow, rather than diminish, both in magnitude and complexity. Causes have become consequences, and consequences have become causes. Appeals for the relaxation of tariff and other import restrictions are countered by insistence upon the prior necessity of the stabilisation of currencies, and *vice versa*. Analagously, as in the United States, whose Executive jettisoned the World Conference rather than modify its policy, currency stabilisation is deferred pending the application of a series of experimental measures intended to restore the commodity price level of 1926. In pursuit of this objective American industry is being reorganised and " codified ", crops are being restricted, farmers are being subsidised and otherwise assisted, large sums have been voted to finance public works, an ambiguous policy of gold purchase and price-fixing has been instituted, the whole banking organisation of the country is being overhauled and subjected to a greater measure of State control, the traditional Democratic policy of low tariffs has been abandoned, and, despite the possession of an abnormally large stock of gold, adhesion to the gold standard has been suspended, apparently in favour of a " Commodity Dollar " conceived but not yet born, of unknown parentage and attributes, but requiring to develop immense strength and stability if it is to carry, without collapse, all the burdens its progenitors intend to place upon it. In the present crisis, so unprecedented alike in its character and magnitude, the final test of all official policies is, however, not whether they are orthodox but whether they are efficacious; and if the Roosevelt programme achieves its aims, to the advantage of the world generally as well as of the United States, appreciation of the achievement will not be diminished owing to the President's disregard of tradition, in relation either to principle or procedure.

Every trained observer who has visited the United States during the slump period has agreed in describing the situation as incomparably more serious than is generally appreciated. Sir William Beveridge, who visited America as recently as November, testifies that, from 1929 to the spring of 1933, the numbers employed in factories fell by a half, the total wages paid by two-thirds, and the wage per employee by 30 per cent. Last March 21,000,000 persons out of 120,000,000, one in six, were living on public relief—one in six of the population being kept alive

by tickets for food and coal and occasional relief work. How many more were unemployed, or miserably poor but struggling on through help of friends, or were spending savings, cannot be estimated. In India, as in Great Britain, bank failures in recent years have been few and unimportant. In America since the end of 1929 more than six thousand banks have failed involving deposits of five billion dollars; many more are carrying on on a restricted basis. Municipalities all over the country have defaulted on their bonds. Salaries of teachers and other public employees have remained unpaid for months and years. When they have been paid, they have been cut down in proportions almost incredible. The sequel is that to-day America is organised as though for war, but for war, not on another nation, but on economic disorganisation, and on poverty. New Departments of Government have been established, exercising large powers of control over every phase of industrial, commercial and agricultural activity, and Sir William Beveridge sums up their activities as an ambitious attempt to carry out economic planning on a scale that has never been tried anywhere outside Russia.

It is understandable that, in a situation so grave and urgent, it appeared to President Roosevelt that his first task was to set his own house in order, and that in applying his energies to this vast undertaking he must not be subjected either to delay or to restrictions of any kind, even though refusal to stabilise the dollar might defer indefinitely all chance of international collaboration. The World Conference was accordingly "adjourned", and, in fact, is unlikely to re-assemble. Unfortunately although the abandonment left America free to concentrate entirely on her own problems, a situation involving only minor disadvantages to a country so nearly self-contained, the collapse of the Conference was a more serious matter for the rest of the world whose economic situation was hardly less desperate but whose desire for joint action was thus, in effect, frustrated, owing to American co-operation remaining indispensable on all the major issues, including debts, tariffs, currencies, etc.

For all practical purposes, subject to minor recoveries in certain trades and industries, the collapse of the World Conference involves the continuance of the economic situation it was convened to remedy; in other words, the persistence of a depression which has been correctly described as unprecedented alike in its extent, its duration, and its intensity. The Preparatory Commission of Experts, in the draft annotated agenda prepared for the Conference, defined the situation confronting the world as follows:—

> Unemployment has recently been estimated by the International Labour Office as involving at least thirty million workers. Even this huge total, which does not include the workers' families or other dependents, is probably an under-estimate. The burden of suffering and demoralisation resulting from unemployment of such proportions is appalling.
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> Wholesale commodity prices expressed in gold have declined since October 1929 by roughly a third; raw material prices on the average by 50 to 60 per cent. Such price-declines have produced profound disturbances in the economic system. They have thrown completely out of adjustment prevailing costs of the various factors of production, have made business enterprise generally unremunerative, and have seriously disorganised practically all the world markets.

As world stocks of agricultural products and other raw materials increased, and prices fell, curtailing ability to absorb manufactured goods, industrial production had to be drastically curtailed and, in certain directions fell so low that at the close of 1932 the United States steel industry was operating at only 10 per cent. of capacity while towards the end of 1933 its output was still under 30 per cent. The international flow of goods, hindered by currency disorders and official restrictions, has been reduced to about one-third of its value in 1929, while the quantum of goods in foreign trade has fallen by at least 25 per cent. by far the largest fall on record. As a result of price-declines and the fall in the volume of production and trade national incomes in many countries have fallen, according to the Geneva analysis, by more than 40 per cent, leading inevitably to a series of budget deficits which in some cases have reached unprecedented proportions. Equally inevitably, vast and difficult problems of indebtedness have arisen, " and there are countries the total value of whose export trade has fallen below the sums required for external debt service alone ". In essence, as the Preparatory Commission added, " the necessary programme is one of economic disarmament..... Failure in this critical undertaking "—the failure has since occurred— " threatens a worldwide adoption of ideals of national self-sufficiency which cut unmistakably athwart the lines of economic development. Such a choice would shake the whole system of international finance to its foundations, standards of living would be lowered and the social system as we know it could hardly survive. These developments, if they occur, will be the result, not of any inevitable natural law, but of the failure of human will and intelligence to devise the necessary guarantees of political and economic international order. The responsibility of Governments is clear and inescapable." This comment, first promulgated as an exhortation, has become a judgment delimiting the economic consequences likely to ensue, now that the exhortation has been unneeded.

Nor was it only the Preparatory Commission of experts which indulged in exhortations; and as the problems themselves survive, although concerted efforts to solve them have been deferred *sine die*, it may not be without value to recall some of the weighty pronouncements in which the aims animating the Conference were outlined. In language which has lost none of its aptness or force in the intervening months, His Majesty the King-Emperor observed : " It cannot be beyond the power of man so to use the vast resources of the world as to ensure the material progress of civilisation. No diminution in those resources has taken place. On the contrary, discovery, invention and organisation have multiplied their possibilities to such an extent that abundance of production has itself created new problems. And together with this amazing material progress there has come a new recognition of the interdependece of nations and of the value of collaboration between them. Now is the opportunity to harness this new consciousness of common interests to the service of mankind."

In phraseology more prophetic than he realised, the United States delegate declared that " the failure of the Conference would mean the success or failure of statesmanship throughout the world ", adding :

> Depleted treasuries, collapsed price levels, a destroyed international finance and commerce, greatly diminished domestic production and consumption, thirty millions of

unemployed wage-earners, a prostrate agriculture, universal monetary and exchange instability, mountainous debt and tax burdens constituted some of the panic experiences of recent years.

Economic nationalism as practised since the war had expressed itself by every known method of obstructing international capital and trade, such as high tariffs, quotas, embargos, exchange restrictions and depreciated currencies. The reaction upon production, employment, prices and distribution within every nation had been disastrous.

Millions of people were destitute in some parts of the world, while other parts were glutted with vast surpluses. Raw materials were fenced off from factories, factories from consumers and consumers from foodstuffs.

International commerce was indispensable to national life. Most of the Latin American countries ordinarily sold abroad from 30 to 85 per cent. of their total production of movable goods. England must sell 25 per cent.; Germany, Canada and Australia 30 per cent.; New Zealand 40 per cent. and Japan from 45 to 60 per cent. International trade had sunk from 50,000,000,000 dollars down to less than 15,000,000,000 dollars. International transactions were now rather the exception than the rule.

The inevitable effect had been to reduce to the lowest level all prices of primary commodities bought and sold in world markets, with similar effects on commodity prices in each country. Moreover, the inability of the different countries to transfer goods in payment of balances had strained all domestic financial structures and currencies and exchanges had become unstable.

Apart from facilitating the international silver and wheat agreements, and promoting mutual understanding falling short of positive achievement, it cannot unfortunately be claimed that the World Conference served any vital purpose. In view of the disappointment so occasioned it was therefore gratifying to find that the Second Committee to the League Assembly felt entitled to report, on the evidence available in October, three months after the Conference had adjourned, that " There seem to be real signs that the situation to-day is in many respects better than it was a year ago. In industrial countries, production has increased and unemployment diminished. In the aggregate, the exports of countries whose economy is mainly devoted to agriculture and mining have improved; at the same time, the visible stocks of the great majority of raw materials and foodstuffs about which information is available would appear to be declining." The Committee further claims that, although the immediate practical results of the Conference were not in proportion to the expectations which had been entertained, it accomplished useful work, the value of which will appear in the future. As the report of the Conference states: " A temporary understanding during the present period of uncertainty regarding exchange ratios was found to be an essential condition for the continuance of the full programme of the Conference by all the delegations." In the absence of such an understanding, it was found necessary to defer discussion both of the problems of commercial policy and of quantitative restrictions to trade, as well as many of the financial problems on the agenda of the Conference. In view of all the circumstances the

League Committee therefore contends, with inextinguishable optimism, that the aims and activities of the Economic Conference should be considered to be suspended, but not abandoned.

In relation to the financial questions debated at the Conference the League Committee attaches considerable importance to the fact that the work of the Monetary and Financial Commission led to the unanimous adoption—accompanied in some cases by reservations or explanations on the part of certain delegates—of a number of important resolutions, the subjects covered by which are indicated below :

1. A resolution relating to the problem of indebtedness. This resolution states that, under present conditions, a solution of the problem of indebtedness, which possesses both a financial and an economic aspect, may in certain cases be necessary for the re-establishment of equilibrium. It should not, however, be dealt with in such a way as to impair credit. It is indispensable, indeed, for the restoration of credit that contracts should be respected in the absence of modifications agreed between the parties concerned. As regards State loans, it is in the interest of the creditors themselves to conclude arrangements of such a nature as to permit at the same time the adoption and effective application of programmes of economic and financial restoration by the debtor countries.

2. A resolution relating to the return to monetary stability, the adoption of gold as an international monetary standard and its use for monetary requirements and Central Banks' reserves.

3. A resolution relating to the creation of Central Banks.

4. A resolution relating to the need for close and continuous co-operation between Central Banks and the part which might be played by the Bank for International Settlements in this connection.

5. A resolution relating to the adaptation of the Central Banks of certain agricultural countries to the special economic conditions of those countries.

It is not necessary to enter into the details of these various resolutions, as their mere enumeration is sufficient to explain their nature. Among their chief objects is to affirm :

that it is in the interests of all concerned that stability in the international monetary field should be attained as quickly as practicable ;

that gold should be re-established as the international measure of exchange values—time and parity being for each country to determine ;

that it is undesirable to put gold coins or gold certificates into internal circulation ;

that greater elasticity should be given to Central Bank legal reserve provisions. For instance, if the system of percentage gold cover is applied, a minimum ratio of not more than 25 per cent should be considered as sufficient. The sole effect of this stipulation should be to increase the free reserves of Central Banks.

It is hardly necessary to stress to how large an extent these resolutions and the principles underlying them, are based, as the League Committee observe, on the findings of the Gold Deletion of the Financial Committee as set out in the report issued by the Delegation in 1932.

The last resolution adopted by the Conference relates to the use of silver for monetary requirements. It is emphasised in this connection that "an agreement has been concluded between silver-producing countries and countries which possess large stocks of this metal, with a view to putting a stop to price fluctuations."

World Production and Prices.

An investigation conducted by the Economic Intelligence Service of the League of Nations led to the following conclusions:

The world's productive activity and the quantum of world trade increased with remarkable rapidity throughout the quinquennium 1925-29. Disequillibrium became apparent in the latter part of 1929, when wholesale prices began to fall rapidly and the previous upward trend both in the production of producers' goods and their raw materials and in world trade, particularly in manufactured articles, soon turned sharply downwards.

In 1930, the economic depression, though somewhat deferred in certain countries, became universal in range, and in 1931 and 1932 it was greatly intensified in practically every part of the world—in the older industrial regions, indeed, to a unprecendented extent.

The severity of the world depression is largely due to the fact that the slump in industry was superimposed on a severe agricultural crisis, agricultural supplies remaining at a relatively high level despite reduced demand. The world production of crude foodstuffs has remained practically unchanged since 1928; that of industrial raw materials of agricultural origin diminished but slightly from 1929 to 1931, but dropped by about 10 per cent in 1932. Total agricultural production decreased by only 2 per cent in the three years of depression. In striking contrast to agricultural production, the output of industrial raw materials of non-agricultural origin has contracted at an accelerating rate, the drop from 1929 to 1932 being about 36 per cent. Meanwhile, stocks of primary commodities, which increased at the onset of the depression, have begun to decline, while those of manufactured commodities have shrunk considerably. There are also other signs suggesting that the low point of the depression was passed at about the middle of 1932.

The quantum of world trade as a whole (primary products and manufactured articles) fell between 1929 and 1932 by about 27 per cent. The shrinkage of world trade was particularly heavy in manufactured articles, the quantum of which fell by over 40 per cent between 1929 and 1932. In primary goods, however, the decline was only 15 per cent.

The gold prices of most important crude foodstuffs and raw materials reached their lowest levels in 1932; such recovery as took place until the beginning of 1933 was, however, quite slight in most cases. Early in 1933, the gold prices of the majority of textiles stood at levels 70 to 80 per cent. below those prevailing at the beginning of 1929; cereals and other foodstuffs were 50 to

70 per cent. lower; animal foodstuffs were 40 to 60 per cent. lower; most of the non-ferrous metals were 50 to 55 per cent. lower, excepting copper which was over 70 per cent. lower; while some commodities subject to effective monopolistic control fell considerably less.

Price discrepancies persisted, raw material prices declining more than those of finished products. Consequently agriculturists have been affected most severely, as the goods they sell have fallen in price more than the goods they buy. The terms of trade have turned sharply against States exporting crude foodstuffs and raw materials and importing finished products.

The latest statistical evidence of the trend of the world's industrial production indicates that the rapid expansion in activity between March and July has since given way to a renewed downward movement. The recent development of industrial production in the principal countries is shown in the following table :—

Indices of Industrial Production (1928=100).

Period.	Canada. Dominion Bureau of Statistics. *	France. Statistique Generale. †	Germany. Institut für Konjunkturforschung. *	Japan. Mitsubishi Economic Research Bureau.	U.K. Board of Trade.	U.S.A. Federal Reserve Board. *	World (excl.) U.S.S.R. Institut für Konjunkturforschung. *
1930	91.7	110.2	90.1	105.6	97.8	86.5	90.5
1931	76.7	97.6	73.6	100.7	88.5	73.0	77.9
1932	62.8	75.6	61.2	107.9	88.0	57.7	66.1
1933 Jan. ..	52.8	78.7	62.7	117.2		58.6	67.3
,, Feb. ..	51.7	81.1	64.2	115.0	89.9	56.8	66.6
,, March ..	53.1	82.7	64.7	129.9		54.1	65.8
,, April ..	55.3	84.3	66.1	126.4		59.5	68.9
,, May ..	61.7	85.8	68.9	130.6	91.7	70.3	75.1
,, June ..	67.7	87.4	70.4	119.9		82.9	82.3
,, July ..	70.1	88.2	71.4	126.9		90.1	‡ 86.4
,, August ..	76.0	87.4	71.6	130.4	91.7	82.0	‡ 82.5
,, September ..	76.6	86.6	72.0	..		75.7	‡ 79.3

* Adjusted for seasonal fluctuations.

† Partly adjusted for seasonal fluctuations.

‡ Provisional.

Following a rise of 31 per cent. between March and July, the index of the world's industrial production, calculated by the Institut für Konjunkturforschung, declined by 8 per cent. during the three months ended September last. As noted in the *Economist*, the setback in the United States has acted as a brake to expansion elsewhere. Just as the previous expansion in world production scarcely affected the volume of world trade, the subsequent recession appears to have had little influence on the international exchange of commodities. The index of the gold value of world trade was 36 in September (1929=100) compared with 34.3 in June and 37 in the corresponding month a year previous.

Policies and Prices in the United States.

In the United States, under the courageous and masterful leadership of President Roosevelt, every other consideration is being subordinated to measures having as their primary objective the restoration of the commodity price-level of 1926 : a measure deemed essential in order to avert a general and disastrous collapse of the whole debt and credit structures. In his ruthless pursuit of this programme President Roosevelt has displayed equal readiness to " try out ", or to " scrap ", both programmes and the men who have originated them. If one expedient fails, he is prepared to try another, and to keep on trying. There is apparently no economic or financial principle he is not prepared to challenge, and to flout, in order to achieve his aims. Scornful of traditional thought and practice, his inspired opportunism is at the same time his greatest strength, and his greatest weakness. Chemist, or alchemist, according to the onlooker's point of view, friends and foes alike are agreed that, under his control, the United States, hitherto the home of " rugged (or, more recently, ragged) individualism " has become the greatest economic laboratory in the modern world, and that, whatever may emerge, it will bear little resemblance to the economic and financial organism which collapsed so catastrophically in 1929. That some of the experiments in progress have led to the production of explosive compounds, exerting unexpected repercussions, and eliciting violent protests from the individuals and interests disturbed, is hardly surprising ; nevertheless, the experiments continue, apparently with the complete approbation of the nation as a whole.

Hitherto the President has shown as little disposition to surrender to the demand for inflation as to accept, without reservations, the dicta of the " sound money " school. His policy is therefore a singular combination of caution and courage, but it remains to be seen whether the enormous expenditure involved in the implementation of the so-called Recovery programme can be financed wholly by reliance on loans and taxation, inasmuch as the outlay sanctioned, including the commitments of the Reconstruction Finance Corporation, amount to the formidable figure of 15,135 million dollars, representing an extremely heavy liability, even for the United States. On the other hand, it is urged, not without force, that the real risk of inflation arises, not from the present monetary and recovery programme, but from the possibility of its failure : a possibility which, if it materialised, would render inflation inescapable.

In relation to efforts to raise agricultural prices, the United States Secretary for Agriculture, in his annual report issued in December, asserts that agriculture cannot depend exclusively on a monetary policy to restore farm incomes. Depreciation of the dollar acts unequally on different agricultural products :

> "It raises the prices of export of speculative commodities, such as wheat, cotton, and corn, much more than it does the prices of milk, hogs, beef, cattle, poultry, and other non-speculative commodities sold mainly in the domestic market. Moreover, it also raises the prices of the things the farmers buy.....By itself monetary action does nothing to change a maladjusted situation for the better. Indeed, it may tend to prevent a favourable change by temporarily hiding the need. Inflation is not a cure-all.....There are certain fundamental factors which must be handled otherwise. To control these factors in the world

of to-day, with its multitude of trade barriers, requires for the time a production control which is obnoxious to every class in our society. The farmer instinctively dislikes it; railroads, and commission men are against it because it reduces the volume of their business; processors dislike it because of the processing tax; and consumers dislike it because it increases their cost of living. But the facts of the situation bear witness to the urgent necessity of curtailing farm production. It is well to bear in mind the probability that the favourable influence of our monetary policy on the prices of cotton and wheat may not continue if foreign countries reduce the weight of gold behind their currencies as rapidly as we do. Currency policies may stimulate our exports temporarily, but should not lead us to think that a world-wide demand exists for our surpluses unless sufficient changes have been made in our tariffs to build up a sufficiently increased purchasing power."

In the opinion of its Secretary for Agriculture, the United States "faces a choice between two lines of policy—either it must modify its tariff policy so as to permit a larger quantity and value of imports to enter the country, or it must accept a considerable and permanent loss of its foreign markets". Since the "United States is a creditor nation with a debtor nation psychology", it is attempting to put its "internal economy on substantially a nationalist basis" which "answers the need of the emergency, but demands superhuman efforts if it is to be permanent."

Changes in British Production and Trades.

The tendency to self-absorption and self-sufficiency, so evident in the United States, is also apparent, although less emphatically, in the United Kingdom which is being impelled, by the loss of large sections of its former export trade, to rely more and more largely on its own agricultural resources as a source of food supplies, and on its domestic market as an outlet for its manufactures. As measured by such indices as its budgetary position, the volume of employment, the actual and relative value of its export trade, its industrial output, and the rectification of its balance of trade it is not open to doubt that the United Kingdom now occupies a stronger position, and can view the future with greater confidence, than at any stage since the beginning of the slump. The Ottawa preferences have undoubtedly increased the value of the British market to India and the Dominions and Colonies generally, and the reciprocal preferences have not been without value to British manufactures. On the other hand, the cotton industry has lost further ground to Japan which has now become the world's largest exporter of cotton manufactures, and the enfeebled position and resources of the British mercantile marine, under the dual pressure of the immense contraction in world trade and the competition of State-aided foreign shipping, is reflected in the appeal for a Government subsidy as the only alternative to the progressive extinction of tramp shipping, and the admission of the National Government that such a step may, in fact, prove necessary, if only as an emergency measure.

As shipping is the United Kingdom's largest "invisible export," while cotton goods have always constituted its largest commodity export, it can hardly be doubted that the weakness thus disclosed goes far to offset the recovery achieved in other directions. It would be short-sighted to regard any loss in purchasing power so occasioned as a matter of merely national significance inasmuch as the importance of the British market to exporting countries in all parts of the world would be difficult to exaggerate. In an illuminating table, compiled from League of Nations statistics, attached to the presidential address of Sir Alan Anderson at the last autumn meeting

of the Association of British Chambers of Commerce, it was pointed out that in 1929—and 1932 revealed the same position based on smaller turnovers—39 countries shipped to the United Kingdom more than 10 per cent. of their exports. The United Kingdom was either the best or second best customer of 35 of these countries, and the best customer of 24 of them. The population of these 24 countries aggregated 727,000,000, their exports were valued at £2,549,000,000 and their total world trade amounted to £5,136,000,000 :—

Country.	Percentage of exports to U. K. (average of 1925-29).	Place of U. K. among the customers.	Year 1932.	
			Imports (£s. millions.)	Exports (£s. millions).
Germany	10	1	316.1	388.8
Belgium	18	1	129.0	117.6
Denmark	56	1	58.6	58.1
Spain	21	2	53.7	40.6
Esthonia	32	1	2.0	2.3
Finland	38	1	15.3	20.6
France	17	1	334.0	220.6
Greece	12	4	18.6	11.3
Irish Free State ..	96	1	41.4	25.8
Italy	10	3	120.7	99.6
Latvia	31	1	3.4	3.8
Lithuania	22	2	3.4	3.9
Norway	28	1	35.0	28.7
Holland	25	2	149.3	97.2
Poland and Danzig ..	11	4	19.9	25.0
Portugal	27	1	16.9	7.2
Russia	26	1	102.5	82.8
Sweden	26	1	60.5	49.8
Switzerland	16	2	97.5	44.3
Ceylon	40	1	99.7	101.7
India	22	1		
British Malaya ..	14	2	44.4	37.9
Persia	32	1	*	*
Turkey	10	5	86.7	91.5
Australia	39	1	40.8	75.1
New Zealand	76	1	20.5	30.9
Egypt	40	1	27.3	25.9
Nigeria	49	1	*	*
Union of S. Africa ..	61	1	42.5	41.7
Argentina	28	1	61.3	94.4
Bolivia	80	1	*	*
Canada	33	2	113.7	124.1
Chile	29	2	4.8	8.1
Costa Rica	50	1	*	*
Cuba	12	2	*	*
U. S. A.	18	2	337.3	461.5
Mexico	18	2	18.5	31.2
Peru	27	2	4.1	9.8
Uruguay	23	1	11.1	12.4

* Not available.

It is clear from these figures that any decline in British purchasing power, whether due to deliberate restriction or declining resources, is a matter of the gravest importance, not only to Empire suppliers, but to the world at large, and must have serious reactions. To oversea sources of supply the gravity of the position is intensified by the absence of alternative outlets due to the general pursuit, in Continental Europe no less than in the United States, of isolationist policies inspired by the doctrines of economic nationalism and finding expression in every form of fiscal and financial restriction.

The British movement towards tariffs, quantitative restrictions, and other forms of trade regulation is the consequence, not the cause, of this world-wide phenomenon, and is therefore only a by-product, although a very important one, of the general realignment of international trading relations now in progress. To the extent that countries formerly predominently agricultural are becoming steadily more industrial it is clear that countries, like the United Kingdom, formerly reliant mainly upon industrial production and export, must become more agricultural, *viz.*, in order to produce within their own borders the food supplies formerly imported in return for manufactured goods or "services" previously accepted abroad. It is to this new situation that we owe the determined efforts now being made, under official leadership, to re-organise British agriculture by means of marketing schemes and the quantitative regulation of food and other imports, and to revive domestic production. In a recent review of the measures so applied, the Westminster Bank Review did not hesitate to assert that the legislation of the past year has laid the foundations of a revolution in British agriculture as radical, if not as rapid, as any President Roosevelt has wrought in the American economic organisation. The last strong-hold of *laissez-faire* in Britain has fallen, and on its ruins is being raised a structure of rationalised production under Government direction more far-reaching than exists in any other British industry.

The Ottawa Agreement.

So rapid is the increase in British agricultural production that the question has been raised whether, from the point of view of Empire suppliers, the Ottawa agreements possess the same value as when they were signed. In view of the increasing restrictions that have recently been imposed upon many products, from Empire as well as foreign countries, the question may not be entirely pointless.

It is, however, irrelevant in relation to Indian exports, inasmuch as, fortunately, in relation to British farming products, Indian produce, unlike most Dominion produce, is complementary, not competitive, and therefore enjoys unrestricted entry. On the other hand, the preferences extended to linseed and other Indian exports, as against competing foreign materials, have already yielded substantial gains, and, as the sequel to the agreement reached between the Lancashire industry and the Bombay Cotton Millowners' Association, it is not improbable that the British market in the near future will also afford a valuable new outlet for Indian cotton. There are, indeed, more potent influences at work, tending to this consummation, than the interests of the two mill industries, or even the interests of the Indian cotton cultivators ; not the least important factor being the desire in Great Britain to modify its present unfavourable balance of trade with

the United States, upon whose cotton staples Lancashire has heretofore chiefly relied. At a later stage, in view of the rapid development of the Indian sugar industry, it may well be that Indian sugar, as well as Indian cotton, may displace the competing foreign product in the British market. Careful examination of the British import list shows indeed that, as a potential outlet for Indian produce, the possibilities of the British market have been by no means exhausted. Furthermore, the desirability of such action is increased by the ever-growing hindrances encountered by Indian produce in many of its former markets outside the Empire.

The Japanese Portent.

Although India has found its own solution of the problem of Japanese competition, by the imposition of tariffs adequate to safeguard the position of Indian industries in their domestic market, the wider problem of competition in world markets remains and has raised one of the most fundamental issues with which Western industries have ever found themselves confronted. The problem is not confined to cotton goods, for Japan is competing, at prices beyond the range of Western competition, in an ever-widening range of articles and over an ever-widening range of markets. With her congested and rapidly growing population, her limited capacity for food production, with so few outlets for emigration, Japan must export or starve and she does not intend to starve. Exclusion from one market can have no other possible effect but to intensify her competition in others. The more numerous and effective the restrictions placed upon her cotton goods, the more she will be compelled to diversify her output and to compete over the whole range of industrial production. At the last International Cotton Congress detailed evidence was adduced to demonstrate that Japanese cloth is offered in most markets at prices which vary from 20 to 40 per cent. below European prices. More or less the same percentages apply in relation to other Japanese products, and it is not improbable that tariffs or quotas will be imposed adequate to protect European industries from Japanese competition in their home markets. Excluded from Europe, however, Japan will be forced to redouble her competition in Asiatic markets and to seek new outlets in Africa and South America. Fiscal restrictions therefore offer no solution, but will merely change the channels of competition. The conflict is not merely economic but social, raising the whole problem of differing standards of living. A rise in the Japanese standard would ease the situation, but this appears remote and is being further retarded by the increasing recourse in Japan to semi-automatic machinery the effect of which is to increase the output of factory products in increasing disproportion to the number of workers employed. An interim solution may possibly be found by a series of bilateral agreements with Japan based upon the principle of reciprocal trade.

INDIA

World economic factors which moved at a rapid pace and in quick succession in 1933 overshadowed for the most part the events at home. Although the volume of trade, judged by rupee totals, showed little improvement from the previous year and was thus in consonance with the trend in most other countries the balance of trade gradually became normal. While in the five months, April to August 1932, usually a period of sluggish trade, the visible merchandise balance of

trade was against India by approximately Rs. 10 crores (exports amounting to Rs. 49.58 crores and imports to Rs. 59.45 crores, a novel phenomenon in the trade history of India), during the same period in the current year not only did the volume of exports improve to Rs. 61.03 crores, but there was a reversal to the normal position of a balance in favour of India, amounting for the period to about Rs. 15 crores. Taking the normal year prior to the depression, *viz.*, 1929, the balance of trade in favour of India during these months amounted to about Rs. 33 crores, but the turnover in trade was more than double, exports amounting to Rs. 134 crores and imports to Rs. 101 crores.

The abnormal position of trade in 1932 created grave apprehensions in the minds of Indian financiers and economists, since a predominantly agricultural and debtor country like India could ill-afford to draw on its accumulated reserves for long especially as these had been considerably depleted since September 1931 by the large exports of gold which completely wiped out the entire imports of the metal into India since 1926. Furthermore, the savings of the masses which are largely in silver came down in value owing to the continuous fall in the price of the metal.

Taking the year as a whole, 1933 was better than the previous year, the visible balance of merchandise trade amounting to about Rs. 31 crores as compared with only Rs. 5 crores in 1932 and Rs. 82 crores in 1929.

The interest charges on the external debt of India and the Secretary of State's other requirements amount to the large figure of about 22 crores annually and furthermore India has to pay every year for services rendered to her by Britain and other countries abroad in the shape of shipping, insurance, banking and other amenities and items included in invisible imports, exact statistics of which are not available. All these payments were possible in spite of the insignificant merchandise visible balance of Rs. 5 crores in 1932, in favour of India, and without resort to large scale borrowings in London owing to more than Rs. 74 crores worth of gold being exported during that year.

But a repetition of similar conditions this year would have created an awkward situation since gold exports dwindled to about Rs. 51.25 crores and showed signs of further shrinkage. Thus while there is yet much to be desired in the trade position of India, further improvement is largely dependent upon a rise in world commodity prices and an increased demand for India's raw products from abroad. A concerted action against the present depression was hoped to be organised in the shape of a World Economic Conference, which met in London on June 12, 1933, and was expected to achieve great things. But the outlook of the numerous representatives assembled at this mammoth gathering was so essentially national and narrow that within less than two months, the Conference had to be adjourned without exploring any effective means to end the depression. But it must be pointed out that every country is fully alive to the dangers attendant upon the existing low level of prices and individual efforts are being made to raise the level of prices by artificial methods and currency manipulations. But should there be no increase in commodity prices, should the demand from abroad for India's staples show no material advance in the next year and should gold exports diminish, India will have to cut down considerably her imports of merchandise in order to avoid a further increase in her external debt which is already top heavy.

The export of gold is an exceptional factor in India's economy and there has been a considerable controversy on the advisability of allowing unfettered the outflow of the yellow metal especially as the export figure since September 1931 has now reached the colossal figure of 20.7 *million* ounces valued to Rs. 162.28 crores, thus wiping out the greater portion of the imports of the previous 9 years. Furthermore the Bill to establish a Reserve Bank for India has now been passed by the Legislative Assembly which will necessitate the accumulation of as large reserves in gold as possible in order to enable the Bank to function effectively in its early stages. It may be argued that the present stocks of gold held in the Paper Currency Reserve and the Gold Standard Reserve should be sufficient cover against the present note issue and furthermore the present price of gold would appear to be too high to acquire fresh gold. It is true that the present percentage of gold cover would be sufficient in the latter stages when the bank has successfully functioned for a number of years and created confidence and provided the note issue was to remain stable at its present figure. But with any improvement in commodity values, resulting in an increased demand for India's products, the note circulation would have to be increased considerably. Taking 1926 figures—it being the aim of most of the nations to raise commodity prices to levels prevailing in that year—note circulation was in the neighbourhood of about Rs. 200 crores as against Rs. 176 crores this year despite export of gold amounting to Rs. 162.78 crores since 1931. As to the argument that the present price of gold is too high, we think that the present gold price has come to stay owing to large scale buying of the metal at existing rates by all the important Central Banks in the world. In fact the U.S.A. Treasury is paying much higher prices than exist abroad in order to acquire the newly mined American gold.

Turning now to the total figures of trade for the Calendar year there was no further deterioration. The total merchandise exports including re-exports amounted to Rs. 147.39 crores and the imports to Rs. 116.04 crores as compared with Rs. 138.29 crores and Rs. 133.34 crores respectively in 1932 and Rs. 169.4 crores and Rs. 135.69 crores in 1931. The improvement in the export figures is the result of larger volume of exports rather than of any rise in wholesale prices. The total tonnage registered of outward shipment in 1933 amounted to 7,637,355 tons as against 7,384,324 tons in 1932 and 7,471,122 tons in 1931. The index number of wholesale prices on the other hand, showed a further shrinkage of 10 points during the year, based upon the average of 1932 and was almost the same as in 1914. The fall was conspicuous in oil seeds and raw cotton, the former falling by 13 points and the latter by 28 points under 1932 figures. Cereals dropped by 7 points and other food stuffs by 5 points. The index numbers of wholesale prices of local manufactured articles and of countries largely manufacturing and supplying India's demands were, however, little changed. While the index number of wholesale prices in Japan showed a fall from 140 to 136 and in the United Kingdom a slight betterment from 100 to 103, the index number of cotton manufactures in India fell by just one point. Thus while the prices of commodities which the Indian agriculturist has to sell have gone lower, the prices of goods which he has to buy are practically unchanged. This is a further proof that unless the prices of India's raw products improve, her imports from abroad must continue to decline if she is to save from the catastrophe which always comes to an individual who is in the habit of spending more than his income continually.

The following table shows the plight of the Indian agriculturist as a result of a fall in commodity prices.

Estimate of agricultural income in the Provinces in India :—

Provinces.	1928-29.	1931-32.	Change in values.	Percentage decrease from 1928-29.
	(Value in lacs of rupees.)			
Madras	1,80.78	1,01.25	—79.53	44.0
Bombay	1,20.52	66.56	—53.96	44.8
Bengal	2,32.59	1,06.71	—1,25.88	54.1
United Provinces	1,40.52	92.21	—48.31	34.4
Punjab	76.78	37.49	—39.29	51.2
Burma	63.38	29.20	—34.18	53.9
Bihar and Orissa	1,35.17	71.05	—64.12	47.4
Central Provinces	68.77	32.42	—36.35	52.8
Total ..	10,18.51	5,36.89	—4,81.62	—47.3 Average.

If index numbers of wholesale prices are a true guide to the condition of the masses, the above figures have worsened during 1933 by further 9 per cent.

Apart from the slackening in the demand from abroad, which is the main reason for the fall in the incomes of Indian agriculturists, there is a considerable volume of opinion in the country which considers that the position is aggravated by the appreciation of the rupee from its old ratio of one shilling and four pence to the Rupee, fixed when the sterling was the same as gold. That opens up a position which demands searching and scientific inquiry. When the Hilton-Young Currency Commission recommended, and the Government of India decided to stabilise the rupee at the then *de facto* rate of one shilling and six pence, no one could have anticipated the catastrophic fall in gold prices which has since occurred. The balance of adjustment which was, in the view of the majority of the Commission, a determining reason for accepting the established rate, has been violently and possibly permanently disturbed. That creates a new situation, to which the arguments and facts then adduced cannot apply. On the other hand, the view that these mal-adjustments can be corrected by monetary action alone carried the support of few economists and is in particular rejected by the Secretary to the Board of Agriculture in the United States of America quoted in the introductory pages of this review. Monetary action, if it is desirable, can be only one of many forces in the correction of the unprecedented situation that has developed. Moreover, as the Finance Member with the Government of India pointed out in his speech on the Reserve Bank Bill, monetary action is not a one-sided force. It changes the relation of the debtor to the creditor, and of the wage-earner to the employer. The question that

arises whether these changes, in the topsy-turvy world in which we find ourselves, should be made, and whether monetary action should take a part in these readjustments. For instance, Governments all over the world, and not least successfully the Government of India, have changed their relations towards holders of their securities by vast and interest-saving conversion schemes. Giving full weight to these pregnant considerations, we are of opinion that the present moment is not the time for hasty action in the devaluation of the rupee. It would only lead to further confusion in a currency world which is already confused enough. The fluctuating currencies of most of the countries is a material factor in the trade depression; it drives traders to hand to mouth business when large forward transactions are a condition essential to world recovery. These handicapping influences are so generally recognised that there is a strong movement towards exchange stabilisation. The principal obstacle to an agreement has hitherto been the United States, with its pre-occupation on its domestic problems, and its refusal to allow its representatives to the World Economic Conference—though they sailed with a clear mandate to work for stability—to enter into any binding undertakings. But even in the United States the evils of instability are becoming more clearly recognised, and there are many signs that President Roosevelt, with the semi-dictatorial powers vested in him, is moving steadily towards the stabilisation of the dollar in relation to sterling and to support that stabilisation by the operation of a huge Equalisation Fund. When these movements take concrete shape, then will be the movement for the consideration of the Exchange value of the rupee; until that time action would be premature. Government of India appear to be fully alive to this fact as is evident from the preamble to the Reserve Bank Bill, wherein it is stated that —

> "Whereas in the present disorganisation of the monetary systems of the world it is not possible to determine what will be suitable as a permanent basis for the Indian monetary system.
>
> "But whereas it is expedient to make temporary provision on the basis of the existing monetary system and to leave the question of the monetary standard best suited to India to be considered when the international monetary position has become sufficiently clear and stable to make it possible to frame permanent measures."

It is earnestly hoped that when the world monetary situation receives more serious attention at the hands of statesmen than it did at the last World Economic Conference, the Government of India will hold an independent enquiry into the problem of the rupee and fix its value in terms of gold taking into consideration the price index numbers in India and other important countries, but bearing in mind specially the agricultural position of India.

Continued exports of gold throughout the year, although on a reduced scale, helped Government to steer through their Ways and Means position with great ease. It was only during the last quarter that Government experienced any difficulty at all in getting their sterling remittances from the open market owing to the revival of an agitation against the rupee ratio which led to large speculative purchases of sterling by the market and there was a tendency on the part of

exporters of gold and merchandise to hold up their stocks and export bills respectively. Exports of gold, as in the past two years were the mainstay of the sterling exchange market and Government were able to buy large blocks of sterling every week except in periods coinciding with a lull in the activity in the gold export trade, to meet their home requirements. Exports of merchandise largely offset import requirements, and other ordinary needs of the market.

The openeing balance with the Government of India in their Home Treasury amounted to £ 9.91 million on 1st April 1933 and they remitted £ 21.741 million through open market purchases from April to December. In addition they were able to borrow at cheap rates of interest £ 22 million in the London market (£ 10 million in May at 4 per cent and £ 12 million in November at 3½ per cent), making a total of over £ 53 million put in the hands of the Secretary of State during the 9 months of the current fiscal year. The low rates of interest and the ease with which the Government of India were able to borrow in the London market are conclusive evidence of the high standard of India's credit.

The total requirements of the Government of India for Secretary of State's disbursements in London amount to £ 21 million for the fiscal year 1933-34 and Government exercised their option to repay at the earlier date £ 10 million maturing in 1933-34 and £ 7 million maturing in 1933-35 both bearing 6 per cent per annum. Government were thus able to save 2 to 2½ per cent in interest, but have also secured long term loans at comparatively cheap rates. Thus the surplus of sterling balances left in the hands of the Government will prove a useful asset in creating a firm foundation for the Reserve Bank which is shortly to be inaugurated.

Turning to Government's Ways and Means position within the country, they had frequent recourse to the Imperial Bank of India for temporary advances. Their maximum debt under this head was Rs. 9 crores in January and there were several occasions when for weeks together Government had borrowed nothing. Government made use of this facility largely in order to adjust the difference between treasury bill maturities and renewals from week to week and occasionally to fill in the gap between revenue returns and public expenditure. At the end of the year Government almost completely liquidated their debt under this head, the balance being Rs. 1.50 crores only.

Borrowing by Treasury bills was a regular feature throughout the year, but unlike 1931, Government were able to dictate their own rate of interest and at that obtain ample funds. Even on the approach of the busy season, Government did not deem it necessary to change the tenure of bills from 3 months which was the only class of usuance issued throughout the year. The highest rate of interest on these bills was 2-11/16 per cent and the lowest 13/16 per cent. The total amount of Treasury bills issued during the year amounted to Rs. 102.63 crores as compared with Rs. 135.47 crores in 1932 and Rs. 195.96 in 1931. At one time, on June 2, the total of outstanding bills was reduced to the small figure of Rs. 14.17 crores, and in spite of large applications Government were unwilling to increase their commitments under this head. On the contrary, they reduced the yield gradually to 13/16 per cent in the second week of August. It may be pointed out that the habit of investing in

Treasury bills has become wider and taken deep root in the Indian financial world and anything like 25 to 30 crores appears to be earmarked for investment in this channel. When Government persistently refused to buy larger blocks of these bills in the second and third quarter of the year, money was a glut on the market and call funds were unlendable for the most part at even ½ per cent. Such cheap credit is a new thing for the Indian financial markets as is the low bank rate of 3½ per cent almost throughout the year. When in the last quarter Government showed willingness to borrow in larger amounts, funds poured in and amounted to Rs. 29.47 crores, an unusual time for investment on such a large scale in this class of security.

Yet this conclusively proves that if Government unduly restrict investment in Treasury bills, it is likely to cause a real embarassment in business circles over the investment of surplus funds. At the end of the year the outstanding bills amounted to Rs. 30.88 crores as compared with Rs. 50.71 crores at the opening and Rs. 84 crores in August 1931 prior to the commencement of gold exports from India. The Finance Member in his Budget speech anticipated that the amount outstanding of these bills would be to Rs. 20 crores at the end of the financial year 1933-34.

Although the actual long-term requirements of the Government of India by resort to borrowing are budgetted for at Rs. 4 crores during 1933-34, Government missed no opportunity to fund a great portion of their floating debt in long-term loans and also converted the loans where they had the option to repay in 1933 and other loans due for repayment in one or two years into long-term loans. Government issued three rupee loans during the course of the year, two bearing interest at 4 per cent per annum and one at 3½ per cent per annum. The total amount raised in the three loans aggregated Rs. 79 crores, of which Rs. 10.2 crores were in cash and Rs. 53.8 crores in loans offering conversion rights and Rs. 15 crores in maturning treasury bills. The last loan bearing 3½ per cent interest was as great success as the previous two inasmuch as the cash portion of the loan amounting to Rs. 15 crores was closed within half an hour after opening. But the major portion of the loan was taken up with a view to make a small immediate profit and was thus not held strongly. Unfortunately the issue of this loan was immediately followed by the issue of an India sterling loan in London at a higher rate of interest, *viz.* 4 per cent, which demoralised the local market and the weak holders of the new 3½ per cent rupee loan, in their anxiety to secure a small profit or in any case to minimise their loss, began to unload and gilt-edged which had hitherto behaved wonderfully well and remained remarkably steady, weakened considerably and the undertone became unhealthy. But the local monetary situation in the absence of trade continued so easy throughout the year that the tone in the gilt-edged market improved once again, but prices still remained much under the highest of the earlier part of the year. For example 3½ per cent Government Paper which touched Rs. 89 in April fell sharply to under Rs. 79 after the issue of the 3½ per cent new rupee loan, but improved steadily and closed at Rs. 82. Another reason for gilt-edged prices not moving up to the levels reached in the early part of the year was that the market over invested in gilt-edged securities in the past two years from the proceeds from exports of gold. It was the realisation of this frozen credit and its diversion to the security market that was mainly responsible for the activity in gilt-edged though it cannot be denied that in India like all the world over, the policy of cheap money was well maintained by the authorities.

Despite the comfortable Ways and Means position of the Government of India and saving in interest charges through conversion schemes and cheap Treasury bill borrowings, their budgetary position according to all estimates available is not satisfactory. The Customs receipts for 9 months of 1933—34 amounted to Rs. 36·40 crores as compared with 40·09 crores in the same period last year, despite the fact that the Customs duty on the import of all textiles of non-British origin was increased 25 per cent with effect from June 7th. Incidentally it may be pointed out that as a result of the Indo-Japanese Trade agreement arrived at in the first week of January 1934, this additional duty of 25 per cent is removed with effect from 8th January 1934. Although no figures of income tax returns are available, these are not expected to show any deterioration and the Government of India will obtain relief of about Rs. 2 crores in the military expenses through a contribution from the British Government towards the Capitation charges. The earnings from Railways are better by about Rs. 1 crore, but no contribution can be expected from this source to the General revenues, which therefore are likely to show a deficit instead of an estimated surplus of Rs. 25 lacs. The attainment of a balanced budget involves a further considerable retrenchment in expenditure under all heads. Any attempt to increase duties will be a sure invitation to the law of diminishing returns to operate immediately, since the purchasing power of the people is falling day by day.

On the industrial side, barring the cotton textile industry, particularly in Bombay, India made fair progress during the current year. Japanese competition was severely felt by the cotton mills throughout the country and despite the continued movement, though less intense than in the last two years, to buy Indian made cloth by a considerable section of the population, very few mills in Bombay made any profit, though the mills in the mofussil were able to keep their head above water assisted by cheap labour. Weight for weight Japanese manufactured cotton textiles could be bought cheaper in India than the price quoted for raw cotton. It seems strange at first sight that Japan, while relying for its raw cotton on India to a large extent, should sell manufactured cloth cheaper than it is possible for Indian mills to produce quality for quality, but when we take into consideration the efficient Japanese labour, the most up-to-date machinery used by Japan for the manufacture of cotton goods and the cheap means of transport, both internal and external, the problem is easily solved. In India the railway freights for the carriage of raw cotton from agricultural tracts to manufacturing towns are comparatively high and furthermore the industry is run on very uneconomic lines. The Managing Agency system is now a dead weight and with growing competition from abroad, this heavy overhead charge should be avoided. There is thus lack of confidence among the investing public as far as the cotton mill industry, particularly in Bombay is concerned owing to the faulty and expensive system of management. So long as capital is shy and old uneconomic machinery is not replaced by up-to-date units of the class employed in Japan no amount of protection will suffice and more Bombay Cotton mills must go to the wall. The increase of 25 per cent in the import duty to 75 per cent in all textile imports of non-British origin on June 7th was not sufficient to enable the local industry to withstand outside competition and there is a further cry for protection at the expense of the consumer.

The fault does not rest with the management only. No act of the Indian or any other Legislature, can save the investor from his own folly, or indiscretion. But sound law, adjusted

to the requirements of the day, can be an instrument for a healthier financial and industrial system. The Indian Companies Act is largely obsolete. It stands in need of drastic amendment in order to bring it into line with modern practice, and to give to the investor the widest measure of protection and security that the law can provide. That would in itself be a powerful stimulant to the revival of confidence. We are constrained to remind the Government of India that more than seven years have elapsed since the assurance was given to the public that the Act would be amended. We recognise that these have been anxious and crowded years in many other ways. Nevertheless seven years is a long time to wait for action, especially when at the end thereof there are no signs of the matter being taken in hand. When this question is tackled, vested interests, however, clamant should not weaken the determination of the Government to deal resolutely with the worst side of the Managing Agency System. Let us make our position quite clear. We are not blind to the merits of the Managing Agency in the conditions when it was established. Capital was shy; credit was restricted; and without the personal guarantee of Managing Agents industrial progress would probably have been seriously retarded. Those conditions have passed. Some of the most successful and prosperous enterprises are functioning without the intervention of any managing agents whatsoever, and in their case there is no drag of commission on the profits which may be earned. The credit of these corporations stands as high as, if not higher than that of any corporation under the Managing Agency. A stage has been reached in our financial and commercial organisation when industrial enterprise can be directed far more efficiently by the ordinary joint stock system of a Board of Directors functioning through a capable executive than through Managing Agents with their entranched position and large perquisites. If for any reason the managing agency system has to be retained under the new law, it is imperative that it be shorn of its worst abuses. Nothing, in our opinion, can justify a commission on output, where it exists, with the direct premium on production at any cost, even at a loss. Nothing can justify the clauses in some Managing Agency agreements which allow of the control of great enterprises being bought and sold over the heads of the shareholders, without their knowledge, without their having a voice in the transaction. Nothing can justify the clause in other Agency agreements which allows agents who may have ruined an enterprise through their nepotism, extravagance and inefficiency to have a determining voice in its transfer to other managers, even if it has been brought into actual bankruptcy. We need not go outside the recent commercial history of Bombay for examples of the imperative need of reform and this has been delayed so long that further postponement of a strengthening of the law will become a scandal. The shareholder is entitled to the reasonable control of the industry into which he has put his capital, and if it be said that too many shareholders are indifferent to their own interests, or show activity—and that possible irrational activity—only when disaster threatens, then the answer is that a sense of responsibility will not be built up without power, and whilst this is developing it may be necessary to give Directors full protection under the law.

In this connection, we may record with satisfaction the registration of the first public Investment Trust in India. The investment trust system has grown to enormous proportions in Great Britain, where it is recognised as affording the nearest approach to scientific investment which has been attained. The wide diffusion of investments is possible only through a Trust,

and the skilled selection of those investments, should offer advantages to the investor in India, especially the small investor and the investor in the mofussil, which should be an important factor in the better mobilisation of Indian credit.

The jute industry fared much better during the current year partly owing to the monopolistic position it enjoys in the world and partly to the improvement in general trade conditions abroad. Furthermore the industry is one of the best organised in India and efficiently managed. The regulations restricting hours of work to 42 a week and the number of active looms are strictly adhered to by all the member and non-member mills and production is regulated to demand. During the first four months there was active buying of hessians by America and it is reported that most of the mills not only sold their available supply but had their production for the following few months booked in advance. Any improvement in the international flow of commodities means a sure gain to the jute mill industry of India. Naturally enough with the improvement in the industry, the producer of raw jute should also have been benefited, but from reports available the gain has mostly been on the manufacturers' side. The Government of Bengal appointed a committee to investigate the jute problem as affecting the agriculturist, the following being the points of reference :— (1) the marketing of jute, (2) the creation of a jute committee, (3) the extent to which other materials have replaced jute and (4) futures in the jute market.

The cement industry made a considerable headway owing partly to the Central Marketing Board regulating the supply and partly to recovery in building and railway construction programmes. The iron and steel industry was encouraged by the railway construction programme and the Tata Iron & Steel Works, the largest steel works in India considerably increased the turnover, the production of pig iron amounting to 793,962 tons and finished steel to 505,335 tons in 1933 as compared with 699,931 tons and 430,333 tons respectively in the previous year. The seven years preference granted to the steel industry expires shortly and the question of the advisability of renewing protection for a further period is before the Tariff Board. The railway construction programme for the ensuing year is expected to be much larger—nearly Rs. 12 crores—and with the continuance of protection the industry ought to do very well indeed and recover its lost position.

The use of electricity is increasing by leaps and bounds both for lighting and motive power purposes. Railways are using electricity on an extensive scale, as most of the local line services are run on electric power. Towns that had hitherto been content with a kerosine lamp in homes, are finding electric lighting a necessity. Several new installations have been established all over the country and the industry has a very bright future especially with the revival of general trade.

Sugar has received special attention at the hands of industrialists owing to the large profits it promises to yield on account of a prohibitive sugar import duty imposed on this article, *viz.* Rs. 9-1 per cwt. In the last two or three years more than 100 factories have actually started work and some more are in the process of erection. It is even feared in some quarters that the growth of sugar factories is increasing so fast that we may soon be faced with surplus stocks and it may be necessary to find export markets for India's sugar. The industry received so much attention from the commercial public that a special conference was called in Simla to deal with the various

aspects of the industry, in July. The Sugar Technologist of the Imperial Council of Agricultural Research has pointed out that taking into consideration the sugar factories that were already in full working order and those that would begin to produce sugar in 1934, the production of Indian sugar from all sources would exceed consumption by 6,000 tons. The total production from all sources in 1934-35 is expected to be about 946,000 tons and the total consumption is 940,000 tons, thus leaving a surplus of 6,000 tons. But there is a section of the commercial community that is not inclined to agree with this view. The consumption of sugar during the past 3 or 4 years has gradually declined owing to trade depression which has considerably lessened the purchasing power of the people, particularly for items which cannot be put in the category of necessities and sugar certainly is one of such items in this country. The consumption of sugar was greater prior to trade depression and averaged 1,161,000 tons a year in the five years preceding 1930-31 and in 1929-30 the consumption was the highest being 1,324,923 tons. Thus if through competition to market the increased production the price of sugar comes down, consumption is bound to increase. Also if trade should revive and commodity prices advance, consumption will certainly get an impetus. The following figures are illustrative in proving this case. The general index number for food grains has in recent years fallen by 52 to 55 per cent. but the index number of sugar has fallen only by 20 per cent. The index numbers are based upon prices of July 1914 as 100. The sugar industry is for the time being largely localised in Bihar and Orissa, but there are certain other parts where it is not only possible but desirable that enterprising capitalists should open new ventures especially as the United Kingdom is seriously considering means of encouraging the use of Indian manufactured sugar.

Another young industry full of promise is the tobacco industry. Apart, however, from the encouragement received by the tobacco grower within the country itself, the export of raw tobacco to the United Kingdom should be encouraged by adjusting tariffs there in such a way that no undue advantage is received by the growers of other countries whence the United Kingdom is accustomed to import raw tobacco. The duty should be made *ad valorem* in the case of India and not specific as it is today.

Other minor industries are also not neglected by the Government. In the last week of December the Government of India introduced a Tariff Amendment Bill in the Legislative Assembly providing for further protection to about 20 industries.

Thus on the industrial side, barring the cotton mill industry in Bombay, India made good progress during the year and with the vastness of the resources of raw materials at command and the large funds released through sales of gold, further and rapid progress in the years to come is assured, provided the Managing Agency System is scrapped and the Indian Companies Act amended immediately so as to safeguard the interests of the investing public.

Although no Commissions were appointed to deliberate in India on Indian problems, Indian delegates took part in the World Economic Conference held in London on June 12, and the Joint Parliamentary Committee appointed by the British Government to discuss the Indian Reform Bill now known as the ' White Paper.'

Referring to the World Economic Conference, the only tangible result on record is the silver agreement, the Conference otherwise having proved a failure. India has been interested in the problem of silver ever since the currency history of this country began but of recent years, it is America and the other silver producing countries that have given the silver problem far greater attention with a view to benefit the miners. Even before the World Economic Conference met, America, Mexico and Canada, the three important silver producing countries, had come to a formal agreement restricting the volume of production in their respective countries, with a view to raising the price of the metal. But all their efforts to regulate production would have proved of little avail unless the two large consuming countries, *viz.* China and India, were taken into confidence. Furthermore, silver itself being largely a by-product of other metals, it is difficult to restrict production beyond certain natural limits, unless the production of the base metals of which silver forms the by-product is also restricted. But the solution of the problem would seem to be beyond the scope of three nations. Among the buyers, China has ceased to be a large consumer owing partly to the low depths to which the purchasing power of the Chinese people has been reduced and partly to the desire of the Chinese Government to adopt a gold standard for the country. As regards India, she has ceased to be a consumer for some time, but on the contrary she has been a constant seller of silver of which she owns large stocks in the currency reserves. In order that the silver problem might be solved, China and India had of necessity to become parties to any international understanding. The Indian delegates at the World Economic Conference had therefore an important role to play.

The following were the terms of the agreement reached between the representatives of the various nations which is to be ratified by the respective governemtnts before April 1, 1934 ; the Government of India have already acted. The Agreement provides for the limitation for four years beginning from January 1, 1934, of the sales of surplus silver by the Indian Government to 35 million fine ounces annually and by Spain to 5 million. The producing countries have agreed to buy 35 million ounces yearly, thereby setting off sales from India and Spain. The Government of China will not sell silver resulting from demonetised coins in four years. If the Government of India sell silver to any government for the purpose of transfer to the United State's Government in payment of war debts, such silver is excluded from the scope of the agreement.

This agreement while putting restrictions on the producers left the position of India unaffected. Since silver sales commenced in 1927, the total quantity of the metal sold by the Government of India up to date is about 161 million ounces, which gives an average of 23 million ounces annually. Furthermore, most of the silver in the currency reserve is standard silver and it has all to be refined before any sales can be effected, and the annual capacity of the refinery is limited to just about what the Government of India are allowed to sell in the open market under this agreement. So long as agricultural commodity prices do not rise substantially and thereby increase the purchasing power of the Indian ryot, there is little hope of any increase in the consumption of silver in this country. Again the import duty on silver in India and the uncertainties connected therewith have served as a check upon the investment of savings in silver.

Politically the year was one ot greater peace and sanity. The emotion which expressed itself in the civil disobedience movement largely died down. Even those who challenged authority, and suffered therefrom, came very largely to see that the interests of the country are not best served by a purely negative attitude, but by constructive policy and work. There is so much work to be done that the country cannot afford to see brains and energy sterilised by serving offences for disobedience to the law. This reaction has not yet reached the point of a formal abandonment of civil disobedience. It has, however, expressed itself in the conviction that it is politically inexpedient, and its definite abandonment is only a matter of time and occasion. In this respect the political atmosphere is more tranquil than it has been for several years and we may confidently look for a concentration of efforts on constructive activities within the constitution. The year was also comparatively free from labour disputes. The low prices of foodstuffs and other necessities connoted an actual advance in real wages, even in those cases where actual wages were reduced in terms of cash.. The general depression induced a positive surplus of labour in all industries, and employers were able in many cases to tighten the bonds of discipline and thus reduce the slackness which is the bane of the Indian labour force.

The work of Constitutional reforms on the other hand continued uninterrupted. The British Government appointed a Joint Parliamentary Committee to discuss the Constitutional reform bill for India and delegates were invited from India to take part in the deliberations, and tender necessary evidence. The work of the Joint Parliamentary Committee has just ended and after their report is complete, the Bill will go before the Houses of Parliament for their final sanction.

Side by side with the Joint Parliamentary Committee, two others were appointed, one dealing with questions affecting the railways and the other with the Reserve Bank for India. The preinauguration of a Reserve Bank in India, which is to assume the duty of managing currency and exchange free from all political influence, is an essential part of the scheme of Reforms which is to give India a Federal Government. Delegates were invited from India to co-operate with British delegates in London in evolving a scheme for a Bank suitable to Indian conditions. The report of this Committee was published on August 15th and the Government of India introduced a Bill in the Legislative Assembly in September embodying the recommendations of the Committee. The Bill was referred to a joint Select Committee of the two Houses, where it was subjected to elaborate discussion and much useful evidence from expert witnesses was collected. The Bill after a few minor amendments was placed for consideration before a special session of the Legislative Assembly in November. Some of the salient features of the Reserve Bank Bill as finally passed are given hereunder, but it may be pointed out that no time limit has been fixed within which the Bank is to be started. It is earnestly to be hoped that the Bank will be inaugurated with the least possible delay, as the present moment would appear to be most opportune. Very soon the question of the stabilisation of currencies will be before all the important nations of the world, and if the Reserve Bank has functioned for sometime and studied the intricacies of Indian economic problems, it will be in a position to judge what is the most suitable monetary standard for India. In fact, the preamble to the Reserve Bank Bill as quoted before, has taken

this fact into cognisance. In addition the country is still parting with gold and if the Reserve Bank after it has been established finds it necessary to acquire more gold, it can conveniently do so.

RESERVE BANK OF INDIA.

It is suggested in the already quoted preamble to the Act, that the monetary standard provided is at best a temporary measure and as soon as the international monetary position becomes sufficiently clear and stable, permanent measures suitable to Indian conditions will be framed. No provisions in the Reserve Bank Bill met with so much opposition both in the Joint Select Committee and the Legislative Assembly as the clauses 40 and 41 dealing with the fixing of the external value of the rupee at the existing rate, *viz.* 18*d*. Several amendments were proposed, but Government were able to carry the provisions in their original form.

Another important clause in the Bill which was hotly debated and met with opposition, was whether the Bank should be a shareholders' Bank or a State Bank and here also the original clause in the Bill providing for a shareholders' Bank was finally adopted by the Legislative Assembly.

The Bank is constituted for the purpose of taking over the management of currency from the Governor General in Council and of carrying on the business of banking in accordance with the provisions of the act.

The original share capital of the Bank is to be five crores divided into shares of Rs. 100 each which shall be fully paid. The Bill as originally introduced and referred to the Select Committee provided that shares shall be of Rs. 500 denomination, but the value was reduced to Rs. 100 each in the Select Committee on the plea that the shares should be made of a convenient denomination to enable their wide diffusion among the investing public, especially as the maximum number of votes any one shareholder can have is 10, every five shares carrying the right of one vote.

The number of share registers has been fixed at five to be maintained at Bombay, Calcutta, Delhi, Madras and Rangoon and the nominal value of shares assigned to each centre has been fixed at Rs. 140 lacs for Bombay, Rs. 145 lacs for Calcutta, 115 lacs for Delhi, 70 lacs for Madras and 30 lacs for Rangoon. Taking, however, the vastness of area that is to be served by the Reserve Bank, we think it is necessary that each Indian Province should be given a separate register, the additions being Karachi, Lahore, Lucknow, Patna, Nagpur and London.

Management.—The general superintendence and direction of the affairs and business of the Bank is entrusted to a Central Board of Directors which shall exercise all powers and do all acts and things which may be exercised and done by the Bank. The Board is composed of—

(*a*) Governor and two Deputy Governors to be appointed by the Governor General in Council after consideration of the recommendation made by the Board.

(*b*) Four Directors to be nominated by the Governor General in Council.

(*c*) Eight directors to be elected on behalf of the shareholders on the various registers.

(*d*) One Government official to be nominated by the Governor General in Council.

The Governor and the Deputy Governors shall be the executive heads, and shall hold office for such term not exceeding five years as the Governor General in Council may fix when appointing them and shall be eligible for re-appointment. The Governor and in his absence the Deputy shall preside at all the meetings of the Central Board and shall have one vote and in case of a tie a casting vote.

Local Boards shall be constituted for each of the five areas, to be elected as under :—

(*a*) five members by the Shareholders who are registered on the Register of that area and

(*b*) not more than three members nominated by the Central Board at any time from amongst the Shareholders registered on the Register for that area.

Qualifications and disqualifications of Directors and Members of Local Boards.— No person may be a Director or a Member of a Local Board who (*a*) is a salaried Government Official or a salaried Official of a State in India (the Official Director nominated by the Governor General to the Central Board having no vote) or

(*b*) is an officer or employee of any bank or

(*c*) is a director of any bank other than a registered Co-operative Society.

(*d*) No two persons who are partners of the same mercantile firm or are Directors of the same private Company or one of whom is the General Agent and holds a power of procuration from the other, may be Directors or members of the same Local Board at the same time.

Business which the Bank may transact.—The Bank is authorised to carry on and transact the following commercial business, *viz.* :—

The accepting of money on deposit without interest ; the purchase, sale and rediscount of bills of exchange and Promissory Notes with certain restrictions ; the making of loans and advances, repayable on demand but not exceeding 90 days against security of stocks, funds and securities (other than immoveable property) against gold coin or bullion or documents of title to the same and such bills of exchange and Promissory Notes as are eligible for purchase or rediscount by the Bank ; the purchase from and the sale to scheduled Banks of sterling in amounts of not less than the equivalent of Rs. 1 lakh ; the making of advances to the Governor General in Council and to Local Governments repayable in each case not later than three months after the close of the financial year ; the purchase and sale of Government securities of the United Kingdom maturing within ten years from the date of purchase ; the purchase and sale of securities of the Government of India of any maturity or of a local Government or of a local authority in British India maturing within ten years.

The total value of all securities the Bank is authorised to hold varies with the maturity of the securities, the general underlying principle being the aggregate amount of the share capital of the Bank, the Reserve Fund and two-fifths of the liabilities of the Banking Department in respect of deposits.

The Bank is to act as Agent for the Secretary of State in Council, the Governor General in Council or any Local Government or State in India for the purchase and sale of gold and silver; for the purchase, sale, transfer and custody of bills of exchange, securities or shares; for the collection of the proceeds, whether principal, interest or dividends, of any securities or shares; for the remittance of such proceeds by bill of exchange payable either in India or elsewhere, and for the management of public debt.

Finally the Bank is authorised to issue bank notes subject to the following provisions. The Bank shall have the sole right to issue Paper money in British India and at the commencement shall issue currency notes of the Government of India supplied to it by the Governor General and on and from the date of such transfer the Governor General in Council shall not issue any currency notes or any kind of paper money.

The issue of bank notes shall be conducted by the Bank in an Issue Department which shall be separated and kept wholly distinct from the Banking Department and the assets of the Issue Department shall not be subject to any liability other than liabilities of the Issue Department.

The Issue Department shall not issue bank notes to the Banking Department or to any other person except in exchange for other bank notes or for such coin, bullion or securities as are permitted by this Act to form part of the Reserve.

Every bank note shall be legal tender at any place in British India in payment, or on account for the amount expressed therein and shall be guaranteed by the Governor General in Council.

If in the opinion of the Governor General in Council the Bank fails to carry out any of the obligations imposed on it by this Act, he may by notification in the Gazette of India declare the Central Board to be superseded and thereafter the general superintendence and direction of the affairs of the Bank shall be entrusted to such Agency as the Governor General in Council may determine.

In addition to the note issue obligation the Bank shall transact the following Government business :—

The Bank shall undertake to accept monies for account of the Secretary of State in Council, the Governor General in Council and of local Governments and shall carry out their exchange, remittance and other banking operations including the management of the public debt on such conditions as may be agreed upon.

Assets of the Issue Department.—The assets of the Issue Department shall consist of gold coin, gold bullion, sterling securities, rupee coin and rupee securities to such aggregate amount as is not less than the total of the liabilities of the Issue Department.

Of the total amount of assets, not less than 2/5th shall consist of gold coin, gold bullion or sterling securities; provided that the amount of gold coin and gold bullion shall not at any time be less than forty crores of rupees in value.

It may be pointed out here that while the minimum figure of gold holding is laid down at rupees 40 crores for valuation purposes, each tola is to be worth Rs. 21-3-10 as provided in the Currency Act of 1927. At present the combined holding of gold coin and bullion in the Gold Standard Reserve and the Paper Currency Reserve amounts to Rs. 41.52 crores valued at Rs. 21-3-10 per tola and if the appreciation in the value of gold in terms of sterling and rupees be taken into account, the present value of gold held amounts to about Rs. 61 crores. Thus the prime necessity of having a sufficient gold Reserve for the starting of a Issue Department immediately is complied with. It may be pointed out that while the minimum of rupees 40 crores stipulated in the Act would seem to be sufficient against the existing volume of notes in circulation, no provision is made that the gold holding shall at no time be under so much per cent of the notes issued. Thus if the note issue be increased at any time, it will not be incumbent upon the Bank to increase its Reserve in gold, so long as the minimum of rupees 40 crores is maintained.

Among other Assets of the Bank, the Government of India rupee securities shall not at any time exceed $\frac{1}{4}$ of the total amount of assets or 50 crores of rupees whichever amount is greater or with the previous sanction of the Governor General in Council such amount plus a sum of Rs. 30 crores.

On the date on which the Reserve Bank takes over the liabilities of the Issue Department, *i.e.*, the total amount of the Currency Notes of the Government of India in circulation, the Governor General in Council shall transfer to the Issue Department gold coin, gold bullion, sterling securities, rupee coin and rupee securities to such aggregate amount as is equal to the total of the amount of the liability so transferred.

The total amount of gold coin, gold bullion and sterling securities so transferred shall not be less than $\frac{1}{2}$ of the whole amount transferred and the amount of rupee coin so transferred shall not exceed fifty crores of rupees.

It is also provided that the whole of the gold coin and gold bullion held by the Governor General in the Gold Standard Reserve and the Paper Currency Reserve at the time of the transfer shall be so transferred.

Obligation to sell sterling.—The Bank shall sell, to any person who makes a demand in that behalf at its office in Bombay, Calcutta, Delhi, Madras or Rangoon and pays the purchase price in legal tender currency, sterling for immediate delivery in London, at a rate not below one shilling and five pence and forty-nine sixty-fourths of a penny for a rupee:

Provided that no person shall be entitled to demand to buy an amount of sterling less than ten thousand pounds.

Obligation to buy sterling.—The Bank shall buy, from any person who makes a demand in that behalf at its office in Bombay, Calcutta, Delhi, Madras or Rangoon, sterling for immediate delivery in London, at a rate not higher than one shilling and six pence and three-sixteenths of a penny for a rupee:

Provided that no person shall be entitled to demand to sell an amount of sterling less than ten thousand pounds.

As pointed out in an earlier part in this report, it was the above two sections that met with the severest opposition in the Legislature and outside. The Finance Member on one or two occasions threatened to withdraw the entire Bill unless a more reasonable attitude was taken. He pointed out the danger of an immediate change in the value of the rupee owing to the world-wide currency disorganisation, but it was made quite clear that when other important currencies were stabilised the question of the revaluation of the rupee would not be overlooked. The Government was able to pass the above two clauses by a majority in the Assembly and all amendments were lost.

Another point which led to considerable opposition—from the Banks this time—was the provision laid down in the original Bill that every scheduled Bank shall maintain a balance with the Reserve Bank, the amount of which shall at no time be less than $7\frac{1}{2}\%$ of the daily average of the demand and $2\frac{1}{2}\%$ of the daily average of the time liabilities of such bank in India.

When the Bill was finally passed the figures were reduced to 5 and 2% respectively.

Agreement with the Imperial Bank.—The Bank is to enter into an agreement with the Imperial Bank of India which shall be subject to the approval of the Governor General in Council and will remain in force for 15 years and thereafter until five years' notice on either side.

Provisions to be contained in the agreement between the Reserve Bank of India and the Imperial Bank of India are :—

(1) The Imperial Bank of India shall be the sole agent of the Reserve Bank of India at all places in British India where there is a branch of the Imperial Bank of India which was in existence at the commencement of the Reserve Bank of India Act and where there is no branch of the Banking Department of the Reserve Bank of India.

In consideration of the performance of the Agency duties, the Reserve Bank of India shall pay the Imperial Bank of India as a remuneration a sum which shall be for the first ten years during which this agreement is in force a commission calculated at 1/16% on the first 250 crores and a 1/32% on the remainder of the total of the receipts and disbursements dealt with annually on account of the Government of India. As for the remaining five years the remuneration to be paid to the Imperial Bank shall be determined on the actual basis of the cost to the Imperial Bank of India as ascertained by expert accounting investigation.

In consideration of the maintenance by the Imperial Bank of India of branches not less in number than those existing at the commencement of the Reserve Bank Act, the Reserve Bank until the expiry of 15 years, shall make to the Imperial Bank the following payments :—

		Rs. per annum.
(*a*)	during the first five years of this agreement	9,00,000
(*b*)	during the next five years of this agreement	6,00,000
(*c*)	during the next five years of this agreement	4,00,000

Allocation of Surplus.—The Governor General in Council shall transfer to the Bank rupee securities of the value of Rs. five crores to be allocated by the Bank to Reserve Fund.

After making the necessary and usual provisions out of profits, a cumulative dividend at such rate not exceeding five per cent. per annum on the share capital as the Governor General in Council may fix at the time of the issue of the shares shall be paid and the surplus allocated as follows :—

(*a*) One-half to a Reserve Fund until such Reserve Fund is equal to $\frac{1}{2}$ of the share capital and the remaining one half to the Governor General in Council.

(*b*) Thereafter until the Reserve Fund is equal to the share capital, one-tenth of the Reserve Fund and the balance to the Governor General in Council.

(*c*) When and for so long as the Reserve Fund is not less than the share capital, a portion to an additional dividend to the shareholders calculated in a certain scale set forth in the Act and the balance to the Governor General in Council.

Provided that so long as the Reserve Fund is less than the share capital, not less than fifty lakhs of rupees of the surplus or the whole of the surplus if less than that amount shall be allocated to the Reserve Fund.

Publication of the Bank Rate.—The Bank shall make public from time to time the minimum rate at which it is prepared to buy or re-discount bills of exchange or other commercial paper eligible for purchase under this Act.

Power to require declaration as to ownership of registered shares.—The Local Board of any area may at any time require any shareholder who is registered on the Register for that area to furnish to the Local Board within a specified time, being not less than thirty days, a declaration, in such form as the Central Board may by regulations prescribe, giving particulars of all shares on the said Register of which he is the owner.

The granting of this power would appear unnecessary and undesirable since the maximum number of votes for any one share holder is limited to the relatively small figure of ten irrespective

of the number of shares held. Apart from the above, there are certain other practical difficulties. A registered holder may not be the owner, but may be a nominee of the owner and it is not an unusual practice to register shares in the name of a nominee.

By virtue of hypothecation against a loan, a lender may be in possession of shares and if the Local Board can amend the register, then considering the registered holder as the owner, there will be no protection for the lender.

A registered holder may be holding shares on behalf of a minor as guardian or for a charity as a Trustee and in such cases we do not think the Local Board should have the power that is intended to be given to them under this section.

Money.—The easy money policy inaugurated since March 1932 remained in full force throughout 1933 and as a matter of fact money rates touched low depths not hitherto witnessed in the 12 years' existence of the Imperial Bank of India. A Bank rate of 3½ per cent. almost throughout the year—it was lowered from 4 to 3½ per cent. on 16th February—and the current account deposit rate of interest of Banks at 1 per cent. are novel phenomena in the history of the Indian money market, and at intervals it was even feared that the Bank rate might be further lowered to 3 per cent. A year ago, however, no one could have dreamt of a lowering of the Bank rate in the busy season of the year and that to a 3½ per cent. rate. The reduction was in consonance with the general policy in the rest of the world, but it was a departure from the usual practice in this country of a rise or fall by one per cent. A Bank rate of 3½ per cent. or under has not occurred since 1915 and it was in June 1914—usually a slack month for Indian trade—that the Bank of Bombay rate stood at 3 per cent. and then for less than a month and a half. The price of Post Office Five-year Cash Certificates was raised during the year from Rs. 7-12 to Rs. 8 on January 1, and from Rs. 8 to Rs. 8-4 on June 1, giving a return of only 4 per cent. at the last rate. Call loans were sometimes for weeks in succession unlendable at even ½ to ¾ per cent. and credit was so plentiful that the anticipations of a lower Bank rate were not entirely baseless. The authorities in India were fully alive to the fact that cheaper credit that then existed in India would not be beneficial to a country still young in matters of finance and the Bank rate was kept unchanged at 3½ per cent. throughout. It must, however, be pointed out that the Government of India were not slow to take advantage of the prevailing easy money conditions and converted some of their higher interest short-term loans into cheap long-term loans, thus saving themselves about 1 to 1½ per cent. in interest charges. Approximately 65 per cent. of the Government of India's liabilities due for payment in 1933 and 1934 have been postponed well over a quarter of a century. Money was fluid in season and out of season and Government never deemed it necessary to vary the usuance of Treasury bills from three months, as they generally have to do in order not to interfere with the seasonal trade demand for funds. They were able to borrow large blocks every week by tender and on tap without any undue strain on the money market. The sale of bills was not even temporarily suspended in accordance with the usual practice immediately prior to the issue of new rupee loans. The total amount borrowed during the year by tender and on tap amounted to Rs. 102.63 crores. Not only that

but the yield on these bills was gradually reduced and reached the unprecedented low level of 13/16 per cent. on 23rd August, although during the latter part of the year, the rate was raised to about 2½ per cent. The average rate of Treasury bills sold by tender during the year was 1.511 per cent.

The reasons for this unusual plethora of cheap funds were firstly the world policy of cheap money and secondly the mobilisation of a considerable amount of frozen credit through the sale of hoarded and distress gold. The total value of gold exported from India since September 1931 to the end of 1933 amounted to Rs. 162.28 crores. On the other hand trade remained in a depressed state, the volume of external trading having declined by more than 60 to 70 per cent. since 1930. An additional reason for the cheapness of day to day loans may be attributed to the fact that, if the local banks have to borrow from the Imperial Bank, they must take fixed loans for a minimum period of seven days at the Imperial Bank rate for advances. While, however, the cash credit arrangement was possible, Indian banks usually operated on a lower cash ratio, relying upon the undrawn portion of the Cash credit for emergency. Hence the Indian banks now maintain a higher cash ratio, resulting in the Indian banks having considerably larger sums to lend out in the short loan market.

In the busy export season of course—November to March—the Indian banks, indigenous and exchange, generally keep larger floating supply of funds than ordinarily, but since no material demand from this source was manifest in 1933, large funds were invested by the banks in Treasury bills even during the last quarter, though the return was gradually increased to 2-11/16 per cent. The total amount invested during this period is estimated at about Rs. 15 to Rs. 20 crores and it is common knowledge that unlike in the past two years when a large amount of foreign money was invested in Indian Treasury bills on account of high rates of interest obtainable, most of the outstanding bills at the end of the year amounting to Rs. 30.88 crores were on Indian account.

It must be mentioned here that apart from Treasury bill operations to adjust the Ways and Means position, the Government of India had frequent recourse to the Imperial Bank for short-term advances. An outstanding feature, however, was that the Imperial Bank at no time had recourse to the Paper Currency Department for short-term loans against Internal Bills of Exchange, which was rather a common occurrence in 1931. It is certain that in view of the large average cash balance held by the Imperial Bank, it would never have needed any financial assistance from the Paper Currency Department, but even if it had, it suffered under a technical deficiency in the Currency Act of 1927, and the Bank could not borrow from the Paper Currency Department. Under the Currency Act of 1927, the Imperial Bank can borrow Rs. 4 crores from the Currency Department provided the Bank rate is not under 6 per cent. and an additional Rs. 8 crores provided the Bank rate is not under 7 per cent. Now that cheap money rates seem assured for sometime to come, would it not be in keeping with the changed conditions of the Indian money market to amend the Currency Act so as to conform with the existing conditions ?

Another novel feature of the money market was the absence of expansion or contraction of currency to which the market had got accustomed since 1930, changes in the notes in circulation

and reserves, being the result of normal trade operations. The minimum notes in circulation amounted to Rs. 174.15 crores and the maximum Rs. 180.04 crores on 2nd January and 31st October 1933 respectively. It must, however, be mentioned that early in January Government transferred Rs. 6.77 crores worth of gold from the Gold Standard Reserve earmarked in India to the Paper Currency Department, transferring the equivalent amount of £5 million in sterling from the Home Treasury to the Gold Standard Reserve. Notes in circulation were not increased against this addition of gold, but rupee securities to the like extent were cancelled. Another important feature was the sale of 20 million ounces of silver by the Government of India from its Paper Currency Reserve stocks to the United Kingdom for payment by the latter to the United States as a token payment for war debt instalment of June 15. The silver so parted with was replaced by gold to the extent of Rs. 2½ crores, being a transfer from the Gold Standard Reserve. No sterling securities were acquired throughout the year.

Government Securities.—The buoyant tone that characterised Gilt-edged during 1932 continued throughout 1933, barring short periods of lull due sometimes to natural reactions common to this market and at others to national and international factors bearing on general finance and politics.

The factors accounting for a healthy tone in the local market were carried over from 1932. A cheap money policy was nourished with all care throughout the world. Call funds were available in the local market at an average rate of 1½ to 2 per cent. although there were short periods of tight money when day to day loans commanded as much as 5½%. But two to three months deposit rates barring the last quarter of the year when they reached 2¼ per cent. were rarely quoted over 1¼ per cent. and the Imperial Bank rate for advances stood at the unprecedented low rate of 3½ per cent. right from mid-February to the close of the year. Continued exports of gold in 1933 and the depressed state of trade generally—though better than in 1932—accounted for the glut of money in India. Investors were shy of putting their capital in industrial undertaking and funds were accordingly diverted into fixed interest bearing securities, particularly the Trustee securities. Government's ways and means position was so comfortable, that unlike 1931, they could almost dictate their own rate for short term borrowing by Treasury bills. The average rate paid by a Government on three months bills during the year was 1.511 per cent., the highest being about 2⅝ per cent. and the lowest about 13/16 per cent. The habit of investing in Treasury bills has taken such a deep root in the Indian money market that their weekly issue is looked upon as a matter of course and their discontinuance would probably embarrass the money market, since there is a proportion of floating funds which would seem reserved always for this class of investment. Furthermore no foreign funds were invested in Treasury bills this year which are generally a source of a disorganisation to the money market owing to their uncertain nature and to the perpetual fear of withdrawal at inconvenient times with resultant repurcussions on the security market.

The total sales of Treasury bills in the current year were also smaller amounting to Rs. 102·63 crores. At the opening of the year the figure of outstanding bills stood at about Rs. 51 crores and after being as low as Rs. 14.17 crores in early June, closed at Rs. 30.88 crores.

In addition the maintenance of the rupee ratio at 18*d.* caused Government little or no inconvenience and it was not necessary except for a short period, for Government to manipulate currency to that end.

Last but not the least was the amendment to the Indian Income Tax Act on April 11 which took away the advantage hitherto enjoyed by the investor abroad, who accumulated his income there for three years, of exemption from Indian income tax. Government had realised this deficiency in the Income Tax Act for some time and although no hesitation was made in raising the rates of income tax year after year for local investors, in order to meet the deficiency in revenues, Government took an unduly long time in passing this amendment which is a proper and might prove a fruitful source of revenue.

Although the political situation in the country leaves much room for improvement, the local gilt-edged market ignored all events in this direction and price trends were unaffected on this account.

Government lost no opportunity and took the maximum advantage of the prevailing conditions in gilt-edged. They raised successfully three rupee loans and two sterling loans during the year—an eloquent testimony to the healthy tone of gilt-edged.

Government raised these rupee loans not with a view to fulfil any immediate requirements, but to convert some of the loans due for repayment in one or two years and others where they had the option of repaying in 1933. Thus Government postponed about 65% of their immediate liabilities in this respect to over a quarter of a century and also saved about 1 to 1½ per cent. in interest charges. Sterling loans to the extent of £ 22 million were raised partly with a view to repay the £ 17 million 6 per cent. Indian sterling stocks and partly to reinforce sterling reserves in London at low rates of interest (3½ to 4 per cent.) in order to provide adequate sterling funds for the Reserve Bank of India when established. The ordinary requirements of the Secretary of State in London were met out of purchases in the open market.

Sterling Exchange.—Although the instability of currencies and abnormal fluctuations in exchanges would appear to be the normal happenings in international finance, the rupee being linked to sterling did not suffer from sharp fluctuations when measured in that currency except during a short period, when there was a concerted attack to break the rupee even, from its present level of 18*d.*

Measured in terms of gold and gold currencies, however, the value of the rupee fluctuated just as much as any other currency. The lowest rupee price of gold was Rs. 28-11 and the highest Rs. 33-7 per tola and taking the value in terms of a gold currency, *viz.*, francs, the highest rate was 665 francs and the lowest 580 francs for Rs. 100. But since the country is accustomed to think in terms of sterling in calculating for trade purposes and the balance of trade is finally adjusted through sterling and all public and private debts are incurred and are repayable in sterling, it is only the fluctuations in relation to sterling that are of the utmost importance to India. The Government of India's commitments to the Home Treasury are also payable in sterling. The only

occasion for wide fluctuations in the rupee sterling exchange rate was when the relative clauses in the Reserve Bank Bill, fixing the future value of the rupee at 18*d.* were discussed in the Assembly and by the Joint Select Committee. A section of the commercial opinion which has always been opposed to the 18*d.* ratio since its inauguration in 1927 organised into what came to be called the " Currency League of India " with a view to carry on propaganda in the press and on the platform to educate public opinion in favour of the devaluation of the rupee to 16*d.* or even under. Large speculative purchases were made for forward deliveries, so much so that banks who had been unwilling buyers of sterling without cover, became unwilling sellers of sterling without cover. Gold was held up in anticipation of reaping a rich harvest in the event of Government yielding to pressure either in the Select Committee on the Reserve Bank Bill or in the Assembly and providing for the devaluation of the rupee. It may be pointed out that gold had been the mainstay of the sterling exchange market since September 1931 and large purchases of sterling remittances made by Government in 1932 and 1933 had become possible only through export of gold. The visible balance of merchandise trade in favour of India amounted to only Rs. 5 crores in 1932 against the budgeted remittance requirements of £24½ million for 1932-33 and although the balance of trade is much better in the current year, *viz.* about Rs. 31 crores, it would just suffice for Government remittance programme of £21 million for 1933-34 and there are several invisible imports to pay for. It was therefore natural that if gold exports were temporarily held up and there were large speculative purchases and country wide propaganda against the rupee ratio, the rupee sterling rate would weaken. Actually in November rupee sterling exchange touched 1*s.* 5-25/32*d.*, only 1/64 higher than Government selling rate and although it was feared that Government might be required to sell Reverse Councils, actually no applications for these bills were made to Government and this weakness proved to be essentially a temporary phase. The Finance Member was firm on the policy of the Government not to change the present value of the rupee and he reiterated, both in the Joint Select Committee and the Legislative Assembly, that there could be no question of a change in the rupee ratio and that Government would be prepared to abandon the Reserve Bank Bill if it was to be blocked in clauses dealing with sterling exchange obligations of the Reserve Bank. It was thus made abundantly clear that Government were not prepared to change the existing ratio and the Reserve Bank Bill was passed by the Select Committee without any amendment to the clauses dealing with this question. The Bill was finally passed by the Legislative Assembly on December 19 confirming the continuance of the 18*d.* ratio. The speculators who had caused the rates to be depressed by large scale purchases withdrew from the market and fresh business for the export of gold was resumed and all hopes of a change in the value of the rupee were abandoned.

The export of gold continued throughout the year and amounted to Rs. 50.72 crores and served as the mainstay of the rupee sterling market. Government bought £27.9 million during the calendar year and £ 21.741 million in the nine months of the fiscal year 1933-34. Government for the most part dictated to the market the rate at which they were prepared to buy and always rejected tenders that were not up to their contemplated buying rate, no matter if there were no tenders at all at their rate. This policy of sticking to their rates appears to have benefitted the public treasury as is evident from the rate of 18 1/16*d.* and over obtained for all their purchases.

Gold.—The relationship between gold and the international financial monetary and currency situation was a degree further removed in 1933 since the United States, one of the two big nations still remaining on the gold standard in 1932, abandoned it in March 1933. Thus the hopes entertained of an early return to the gold standard of countries that had abandoned it since 1931 were made more remote and this was clearly indicated by the attitude taken by the various countries, particularly the U.S.A., assembled at the World Economic Conference in June. In fact it was felt throughout the year that France and other gold standard countries would find it difficult to stay on gold and there were frequent rumours that France was almost on the verge of leaving the gold standard. But 1933 has passed and France still adheres to the standard along with the other countries in the gold block.

There was a tendency on the part of all the nations to acquire more and more gold and there was further concentration as shown in the table given below :—

Note Circulation and Gold Reserves.

Central Banks of important countries.	1932.				1933.			
			Note Circulation.	Gold Reserve.			Note Circulation.	Gold Reserve.
			(in millions)				(in millions)	
Bank of England	28-12-32.	£	371	120.6	27-12-33.	£	391.9	191.6
Bank of France	30-12-32.	Fr.	85027	83016	29-12-33.	Fr.	82613	77098
Swiss National Bank ..	23-12-32.	S. Fr.	1559	2471	23-12-33.	S. Fr.	1466	1998
Netherlands Bank ..	27-12-32.	Fls.	961	1032	27-12-33.	Fls.	911	922
Bank of Sweden	31-12-32.	Kr.	598	206	30-12-33.	Kr.	647	259
Bank of Denmark ..	23-12-32.	Kr.	312	133	23-12-33.	Kr.	343	133
U. S. Federal Reserve Bank	30-12-32.	$	2735	3148	27-12-33.	$	3080	3563
Reichsbank Germany ..	31-12-32.	R.M.	3560	806	30-12-33.	R.M.	3645	386
Bank of Japan	15-12-32.	Yen	1061	480	9-12-33.	Yen	1140	425

Among the suppliers, mines ranked first and sales of hoarded gold next, India being largely in the second category. The gold in India came from the hoarded wealth of the country and so long as the present economic distress continues and commodity prices remain low, and the world price for gold remains at the present level or goes higher, so long will India continue to supply gold although its volume will decrease from year to year. The exports from India since September 1931 total 20.765 million ounces and Rs. 162.81 crores in value, of which 6.248 million ounces valued at Rs. 51.25 crores were exported in 1933, 9.666 million ounces valued at Rs. 75.87 crores in 1932 and 4.851 million ounces valued at Rs. 35.69 crores in 1931. Like the mined gold, where the increase in the price of the metal has the effect of putting the marginal mine on its feet, so in the case of India, if other conditions remain unaltered, every increase in the price of gold will induce further amounts to come out to the market. But should the experiments made by individual nations to raise internal commodity prices succeed and Indian commodities rise in sympathy, the Indian agriculturist will then stick to any of his remaining gold savings and probably start to buy more. This however is a matter of the future that is always considered with some reserve.

Induced by higher prices obtained for gold, the production from mines is also on the increase since lower grades and deeper reefs have come to be productive ; and if the output from the mines should increase at the same pace as even Indian gold comes out of hoards, the problem of gold shortage is nearer a solution. The stock of free gold has increased by Rs. 162½ crores since 1931 (more than twice the world production) through the sale of gold hitherto hoarded in home safes and buried in the earth and this alone should go a long way to extricate the international currencies and exchanges from existing chaotic conditions. Canada is an outstanding example where the increase in gold production has kept pace with the rise in price. While in 1931 the production was only 2,693,892 ounces, it was 3,055,168 ounces in 1932 and about 3 million ozs. (estimate) in 1933. The total world production of gold which amounted to 20·08 million ounces in 1930 increased to 23.9 million ounces in 1932 and is estimated at about 24 million ounces in 1933.

Silver.—The urgency of rehabilitating of silver and the necessity of a substantial increase in the price of the metal received continued attention from those sections of international economic opinion which are most interested in it. America lost no opportunity to press the claims of silver on the attention of the world's statesmen and silver was a item of special importance in the agenda for the World Economic Conference. A special committee, consisting of representatives of producers' interests on the one hand and of consumers and stockists like India and Spain on the other, was formed to devise means and arrive at an agreement with a view to improve the price of silver and raise the status of the metal in the currency standards of the world. The methods contemplated for raising the price of silver were—

(1) the limitation of production,
(2) limitation of sales by the Government of India,
(3) use of larger amounts of silver for purposes of subsidiary coinage,
(4) the purchase by the leading countries on the Gold Standard and those desiring to return to it of a stipulated amount of silver upto a certain price and adding it to reserves of Central Banks without necessarily fixing a ratio between silver and gold.

As an earnest of their genuine desire to rehabilitate silver the important producing countries, U.S.A., Mexico, and Canada arrived at an agreement prior to the meeting of the World Economic Conference where the problem of silver was to be discussed in its entirety. The terms of the agreement were—

(1) to call a halt in debasing silver coins,
(2) to substitute silver for smaller currencies,
(3) the return of silver to its natural fineness in coins, and
(4) the employment of silver in the Reserves of Central Banks.

The United States Government actually went a step further and accepted 20 million ounces of silver against the token payment made by the British Government for the war debt instalment due on June 15 at 50 cents per ounce, about 15 cents higher than the prevailing rate in the market. The British Government purchased the silver from the Government of India and it was shipped from

Bombay to America direct on account of British Government. Furthermore several acts of legislation were passed by the United States Congress giving effect to the agreement arrived at between the producing countries and even at the present moment the problem of silver occupies the attention of the United States politicians and the Government.

Even at the World Economic Conference, the only important achievement was the silver agreement this time between the delegates of the producing interest on the one hand and the delegates of consuming countries and of Governments holding large stocks of demonetised silver on the other. The agreement provides for the limitation for four years beginning from June 1, 1934, of Indian Government sales to 35 million fine ounces annually and from Spain to 5 million. The producing countries have agreed to buy a total of 35 million ounces yearly thereby almost setting off sales from India and Spain. The Government of China will not sell silver resulting from demonetised coins in four years. If the Government of India shall sell silver to any Government for the purpose of transfer to the United States Government in payment of war debts, such silver shall be excluded from the operation of this agreement. The agreement is subject to ratification by the governments concerned by April 1, 1934.

Actually the Government of India have already ratified the agreement by passing a Bill in the Legislature in the November session. The total stock of surplus silver held by the Government of India now amounts to about 380 million ounces. The agreement at best would seem to cover the ground only partially, there being no provision made, putting any restrictions on the production of silver. While it is realised that it is not easy to restrict production in view of the fact that 65% of the total annual production is a by-product of other metals and therefore difficult of being checked, a clause might have been provided temporarily suspending the production from mines yielding only silver.

Consumption of silver on the other hand is gradually coming down of late years. The metal has been largely discarded from monetary use by the Western countries and America, but the Eastern nations which had until four or five years ago, been large consumers of silver both for trade and currency purposes have also followed the lines of the more advanced nations in the West. India instead of being one of the largest consumers of silver is now in the category of suppliers and the following figures are illustrative in this direction :—

	Quantity imported into India in ounces (million)	Value (crores)		Quantity imported into India in ounces (million)	Value (crores)
		Rs.			Rs.
1915–16 ..	30.833	6.66	1924–25 ..	122.329	24.28
1916–17 ..	116.959	25.11	1925–26 ..	108.347	19.89
1917–18 ..	88.814	22.66	1926–27 ..	134.006	21.76
1918–19 ..	241.747	69.08	1927–28 ..	107.652	16.47
1919–20 ..	101.051	29.98	1928–29 ..	103.680	15.92
1920–21 ..	43.221	11.19	1929–30 ..	97.497	13.42
1921–22 ..	73.838	17.47	1930–31 ..	111.225	13.46
1922–23 ..	96.500	20.94	1931–32 ..	32,399	4.42
1923–24 ..	107.837	22.10	1932–33 ..	8.429	1.62
			1933–34(9 months)	3.787	0.52

Actually since 1927, the Government of India have sold about 160 million ounces valued at about Rs. 14 crores out of its silver stocks, making an average of about 23 million ounces per annum. All these sales, however, were effected in outside markets despite the high import duty levied on silver and had the Government of India supplied the Indian demand for silver, however small it was, there would have been no import of silver since 1927. In fact the high import duty of Rs. 17-9-3 per 100 tolas, *i.e.* nearly 50 per cent. of the value has probably checked to a large extent imports of silver into British India, since consumers are afraid of hoarding silver at prevailing rates in India, which are 50% above the world price for the metal and in the event of the duty being reduced or remitted entirely, their recent savings in silver would automatically be lowered by 50 per cent. Apprehensions regarding the change in the duty have been a perpetual nightmare and several times in the year rumours in this connection went so far as to imply that the duty might be lowered suddenly the following morning. Since therefore the imposition of this duty is serving neither purpose—Government are getting no revenue and do not take advantage of the home protected market—it would seem of little use to continue to keep this duty on the tariff schedules.

As regards the effect of the silver agreement at the World Economic Conference on India, there would seem to be none, as the average annual sales of the Government of India since 1927 do not exceed 23 million ounces and furthermore the Electrolytic Refinery erected in Bombay, which is the only one in this country to deal with Government silver before it can be sold, is limited in its capacity and will not produce more than what the Government of India are allowed by this agreement to sell.

Imports of silver into British India will remain low so long as the import duty on the metal remains at this high figure, thus encouraging sales of hoarded silver at this artificial high price and also giving an impetus to the wholesale carriage of silver coins—to be later melted into bars—from the North West Frontier and other non-British ports in India. Real consumption of the metal, however, will increase only with the rise in the purchasing power of the agriculturist which depends in its turn on a rise in the price of the prime exportable commodities of India.

The other large consumer of silver in the East is China, where the low imports are partly due to the general world-wide trade depression resulting in the low purchasing power of the Chinese population and partly to the currency reform introduced in the country since April 10, abolishing the tael and retaining the silver dollar as the official monetary unit of the country.

Thus the future of silver does not entirely depend upon the East as is probably imagined and unless all the Western nations and America combine to raise the status of silver in the monetary sphere, the price of silver will rise or fall in consonance with commodity prices in general only.

Shares.—Stock Exchange activity being directly identified with general trade conditions and the progress or otherwise of local industries, it follows that the Bombay Stock Exchange responded to these factors. Following improvement in trade generally, the tone of the Stock Exchange was good on the whole. It was marred, however, by the unfortunate failure of a bull operator with big commitments in August followed immediately by the failure of an important house of

Cotton Mill Managing Agents—Messrs. Currimbhoy Ebrahim & Sons Ltd.,-with natural repurcussions on share values. The panic was so great following the failure of the latter and prices fell so low that in order to avoid a crisis and further defaults, the Stock Exchange authorities suspended forward trading for about seven weeks. The Stock Exchange authorities in order to tide over the difficulties virtually sacrificed Rs. 3 lacs out of their own funds in buying shares at high rates of the mills in the Currimbhoy group which were known to be worthless. This action of the authorities, although ratified by a majority of the members of the Stock Exchange, is still questionable on its merits and it seems grossly unjust that funds of a corporate body should have been sacrificed in such manner for the benefit of a few.

The cotton mill industry in Bombay, which forms the most important section of the local share market, has suffered seriously during the last few years owing partly to inefficient management, partly to competition, internal as well as external and partly to defects in the Indian Companies Act which do not provide sufficient safeguard for the interests of shareholders. The Managing Agency system would appear to have served its purpose long ago and a reform of it should go a long way in improving the position of the industry. As regards external competition the Government of India raised the import duty on all textiles of non-British manufactures from 50 to 75% and on grey goods from 5¼ to 6¾ annas per lb. with effect from June 7. Even such high duties at the sacrifice of the consumer were not sufficient to put many of the Bombay mills in an economic working which is a conclusive proof of internal defects existing in the industry in Bombay. The increase in the duty to 75 per cent. raised serious complications, particularly with Japan, and the Japanese spinners passed a resolution boycotting the imports of Indian raw cotton. It may be pointed out that Japan imports annually about 13 to 15 lacs of bales of raw cotton from India, thus consuming nearly 25 per cent.of the entire Indian production. In their efforts to protect the cotton mill industry, the Government of India indirectly caused the agricultural interests of India —which certainly deserve greater attention owing to the peculiar position of the country—to suffer seriously, the price of raw cotton falling from Rs. 215 to Rs. 180 per candy. The Government of India negotiated with the Japanese Government through the delegates of the latter, who spent more than four months in India, and an agreement was arrived at by the end of the year, whereby the Japanese spinners agreed to lift the boycott imposed on Indian cotton and to buy 15 lacs of bales of cotton annually from India and in return the Government of India agreed to remove the additional duty of 25 per cent. with effect from January 8, 1934, and have fixed the maximum limit of 400 million yards of cotton textiles that could be imported from Japan into India annually. Referring to the condition of the Indian agriculturist the figures of cotton imports into India from abroad, as set out below, also deserve some attention :

Imports of Raw Cotton.

	In tons.	Value (crores). Rs.
1928	30,149	4.09
1929	23,486	3.45
1930	37,059	4.50
1931	81,044	7.50
1932	94,125	7.92
1933	84,758	7.25

The other industries particularly, Electricity, Cement and Steel made a good way during the year and this was fully reflected on the Stock Exchange in a substantial rise in the values of shares of those industries. Public utility shares and other dividend payers were in good demand for investment purposes since the return on Government securities was getting smaller and smaller. Prices on the whole showed an advance in mill shares and also of other industrial shares.

Trade of Bombay.—The prosperity of Bombay, the most important port of the country, is indissolubly linked with the external trade of India and with the prosperity or otherwise of the cotton mill industry. While there is no doubt that the total volume of India's external trade has shrunk to low depths owing to world-wide trade depression and the prevailing low commodity prices, the trade at the port of Bombay has declined relatively more than at other ports. The total volume of external trade of India during 1929 amounted to Rs. 622 crores, the volume of trade entered at the port of Bombay amounted to Rs. 184 crores, *i.e.* nearly 30 per cent. In 1932 the percentage of trade passing through Bombay was about 45 per cent. and in 1933, 40 per cent. These figures include, however, the large export of gold registered at the Port owing to the shipping facilities available and the existence in Bombay of the only well organised bullion market in India. If the gold figures are excluded the percentage of Bombay's trade in 1932 is about 28 per cent. and in 1933 about 30 per cent.

The reasons for this decline in Bombay's trade are firstly the deflection of trade to non-maritime British India Ports owing to the fiscal policy of the Government of India in recent years and partly to the heavy Port Trust dues and town duties prevailing in Bombay. We had repeated the same facts in Annual Review for 1932 and we once again wish to urge the Bombay Port Trust authorities to reduce the Port dues and fill the gap by retrenching the overhead charges of administration. Unless Bombay is able to recapture some of her lost trade in this way it may in course of time dwindle to a second grade port.

Regarding the cotton mill industry which is of particular importance to the well being of this City, we have dealt at full length in other sections of this report, and we do not therefore propose to repeat the same sad story in this section.

Among other causes leading to the depressed state of conditions existing in Bombay are the unsatisfactory position of finances of the Government of Bombay, the high cost of living in the City and the perpetual menace of communal riots.

The future of the City depends entirely upon a change in the above conditions and concerted action on the part of true Bombay Citizens.

Outlook for 1934.—The year, as we noted in the opening page of this Review, was one of thwarted endeavour. The effort, through the World Economic Conference, to hasten a revival of international co-operation was wrecked on the rocks of national particularism. The most serious obstacle to any agreement for the better stabilisation of Exchanges was the attitude of the United States of America. Absorbed in its immense domestic problems, the Government of that country withdrew entirely from the international field, and remained isolated therefrom. It is still the unknown factor in world monetary economics. Although there are signs that President Roosevelt is moving towards a sixty cent dollar, and hopes to secure international co-operation in pegging Exchanges at that ratio, there remains behind any such movement the uncertainty of the action of Congress, with a considerable body of opinion in favour of an even lower ratio, and the executive power remaining with the President to reduce the value of the dollar to fifty cents if he is so inclined. The pressure for an even further devaluation may therefore become mandatory, if internal prices in the United States do not rise in the expected proportion. But whilst this uncertainty clouds the future, and prevents the "forward" business which is the greatest stimulant to commercial activity, there is nevertheless a definite movement towards greater confidence. All governments are realising that monetary action alone can never correct the economic maladjustment caused by War and post-War conditions. Even the most furious exponents of economic nationalism are learning by experience that no country can live entirely alone; that full national recovery cannot be attained without international action. There are grounds for hope that out of the present chaos in the Exchanges may develope a definite movement towards Exchange stabilisation in the coming year. In several countries, notably Great Britain and Australia, there has been a remarkable economic recovery arising in the main from a stern and drastic pruning of national expenditure. In India we have again been blessed by a good season, and it needs only a substantial reduction in taxation, both Central and Provincial, to quicken the more optimistic view of the future now taken into vigorous life. The menace of abnormally low prices hangs over the predominantly agricultural community, disturbing the whole fabric, and that must be the anxious pre-occupation of the Government. But taking a reasoned survey of the situation, the year of thwarted endeavour closes on a note of modest hope. Recovery must be slow; it should be the better for being slow; because it is calculated to be more stable. But courage is returning; confidence is reviving; and we may without undue optimism conclude that the worst of the economic depression has passed, and with resolution in facing the problems which beset us the new year should witness an appreciable improvement in the general situation.

DIARY.

Money :—

January	1st	.. ..	Current account interest reduced to 1 per cent.
,,	18th	.. ..	New 4 per cent. Rupee Loan for Rs. 15 crores announced.
,,	24th	.. ..	Second 4 per cent. Conversion loan announced.
February	16th	.. ..	Imperial Bank rate reduced to 3½ per cent.
April	25th	.. ..	Third 3½ per cent. Rupee loan announced.
Early October		.. ..	Large withdrawals of funds from local banks owing to failure of Messrs. Currimbhoy Ebrahim & Sons, Ltd.

Imperial Bank Statement :—

Government Balances :—

January	1st	.. ..	Ways and Means Advances outstanding balance amounted to Rs. 3 crores.
,,	1st week	..	Government borrowed Rs. 1½ crores for Ways and Means.
,,	3rd week	..	Government borrowed Rs. 2 crores for Ways and Means.
,,	4th week	..	Government borrowed further Rs. 3 crores.
February	1st week	..	Government repaid Rs. 3½ crores against Ways and Means advances.
,,	2nd week	..	Government repaid Rs. 2 crores and reduced the outstandings to Rs. 3½ crores.
,,	3rd week	..	A further repayment of Rs. 2½ crores was made by Government and the total outstandings now amounted to Rs. 1 crore.
,,	last week	..	Government repaid Rs. 1 crore, thus completely liquidating loans against Ways and Means.
March	1st week	..	Government re-borrowed Rs. 6 crores for Ways and Means.
,,	2nd week	..	Government borrowed additional Rs. 2 crores and the total loan now amounted to Rs. 8 crores.
,,	3rd week	..	Government repaid Rs. 1 crore against Ways and Means advances.

March	4th week	..	Government repaid Rs. 4 crores against Ways and Means advances during week ending 24th and Rs. 3 crores during week ending 31st March, thus completely liquidating borrowings under this head.
April	3rd week	..	Government re-borrowed Rs. 2 crores for Ways and Means.
,,	4th week	..	Government repaid Rs. 2 crores against Ways and Means advances. Government deposits showed a large increase of Rs. 553.61 lacs to Rs. 12.50 crores as a result of cash subscription received for the rupee loan.
May	1st week	..	Government deposits fell by Rs. 557.72 lacs to Rs. 6.92 crores.
,,	3rd week	..	Government borrowed Rs. 4 crores for Ways and Means.
June	1st week	..	Government borrowed further Rs. 2 crores for Ways and Means.
,,	2nd week	..	Government borrowed again Rs. 1 crore for Ways and Means and the total outstanding of such borrowings amounted to Rs. 7 crores.
,,	3rd week	..	Government repaid Rs. 1½ crores against Ways and Means advances.
,,	last week	..	Government repaid Rs. 1½ crores during week ending June 23, and Rs. 3 crores during week ending June 30, thus reducing the total outstandings to Rs. 1 crore.
July	1st week	..	Government borrowed again Rs. 4½ crores for Ways and Means.
,,	2nd week	..	Government repaid Rs. 2½ crores against Ways and Means advances.
,,	3rd week	..	Government repaid Rs. 3 crores completely liquidating their debt.
August	last week	..	Government borrowed Rs. 50 lacs for Ways and Means.
September	1st week	..	Government borrowed additional Rs. 2 crores for the same purpose.
,,	3rd week	..	Government repaid Rs. 2½ crores, the amount of entire outstanding balance.
,,	last week	..	Government re-borrowed Rs. 50 lacs for Ways and Means.
October	1st week	..	Government borrowed further Rs. 4 crores for Ways and Means.
,,	2nd week	..	Government repaid Rs. 50 lacs against Ways and Means advances.

October 3rd week ..	.. Government borrowed further Rs. 3 crores and the total outstanding borrowings amounted to Rs. 7 crores.
,, last week ..	.. Government repaid Rs. 50 lacs against Ways and Means advances.
November 1st week	.. Government repaid Rs. 50 lacs and reduced their outstandings to Rs. 6 crores.
,, 3rd week	.. Government repaid Rs. 1 crore against Ways and Means advances.
,, last week	.. Government repaid further Rs. 2 crores against Ways and Means advances.
December 1st week	.. Government borrowed Rs. 1 crore and the total outstandings amounted to Rs. 4 crores.
,, 2nd week	.. Government repaid Rs. 4 crores and completely liquidated their debt.
,, last week	.. Government re-borrowed Rs. 1½ crores for Ways and Means which was the outstanding amount at the end of the year.

Currency Returns :—

January 1st week ..	.. Important changes occurred in composition of Reserves.
February & March ..	.. Notes in circulation increased by Rs. 2½ crores mainly against silver coin and bullion.
May 1st half	.. Notes in circulation fell by 117 lacs. 1,349 ingots of silver valued at Rs. 22.78 lacs shipped to London on Government account.
June 15th	.. Silver bullion in reserve fell by Rs. 6.37 crores representing 20 million ounces sold by Government of India to the British Government.
July-August ..	.. Notes in circulation increased every week.
October last week ..	.. Notes in circulation touched highest of the year, *viz.*, Rs. 180.04 crores.
November-December	.. Notes in circulation declined gradually closing at Rs. 178.10 crores. Silver coins gradually declined from Rs. 94.33 crores to Rs. 90.73 crores.

Treasury Bills :—

January 18th ..	.. Government invited subscriptions to the new 4 per cent. Rupee loan in treasury bills maturing not later than February 11. Rs. 15 crores of such bills were accepted.

February 7th	Sale of intermediate treasury bills suspended.
,, 14th	Amount of weekly tenders increased from Rs. 1 to Rs. 1½ crores.
March 1st week	Yield on treasury bills reduced to 1⅝ per cent.
,, last week	Yield on treasury bills reduced to 1½ per cent.
May 1st week	Outstanding treasury bills reduced to Rs. 16 crores.
,, 9th	Amount of weekly tenders reduced from 1½ to Rs. 1 crore.
January 13th	Amount of weekly tenders increased to 1½ crores.
,, 14th	Sale of intermediates reintroduced.
July 18th	Government suspended sale of intermediate bills.
August 16th	Government reintroduced sale of intermediate bills.
,, 22nd	Yield on treasury bills reduced to 13/16 per cent. the lowest rate on record.
,, 22nd	The sale of intermediate bills suspended again.
September 6th	Sale of intermediates reintroduced.
,, middle	Yield on treasury bills increased slightly to 15/16 per cent.
November 1st week ..	Yield on treasury bills increased to 1½ per cent.
,, 21st	Amount of weekly tenders increased to Rs. 2 crores.
,, 21st	Yield on treasury bills increased to 2 per cent.
,, 28th	Amount of weekly tenders increased to Rs. 2½ crores.
,, 28th	Yield on treasury bills increased to 2-7/16 per cent.
December 19th	Yield on treasury bills increased to about 2⅝ per cent.

Government Securities :—

January 1st	Rate for Post Office Cash Certificates increased from Rs. 7-12 to Rs. 8 reducing the yield to 4½ per cent.
,, 18th	A new 4 per cent. rupee loan repayable in 1943 issued at 98 per cent.
,, 24th	A second rupee loan—4 per cent. conversion—repayable in 1960-70 issued.
February	Sharp rise in security values.
March 1st week	Disquieting news from U.S.A. caused set back in gilt-edged prices.
April 1st week	Securities firmed reaching high record rates.
,, 25th	Third Rupee loan of the year issued—3½ per cent. at 96—repayable in 1947-50.
May 10th	India sterling loan for £12 million issued in London. 4 per cent. at 97 repayable 1948-53.

May middle	Securities weakened. Dealing for forward delivery suspended temporarily.
„ 17th	Forward trading resumed.
„ 31st	P.O. Cash Certificates rate raised from Rs. 8-0 to Rs. 8-4 yielding 4%.
July beginning	Confidence in gilt-edged revived.
August middle	Rumours were current that Stock Exchange Authorities contemplated to discontinue forward dealings in gilt-edged. Securities weakened.
November 7th	Second India sterling loan issued in London for £10 million. 3½ per cent. at 97 repayable in 1954-59.

MONEY.

Year opens with easy money.

Money was unusually comfortable over the year-end and there was not the slightest hardening in the rate for call loans. No pull was felt for funds for window dressing purposes as is customary, prior to the year-end, since all banking institutions were left with large cash balances on hand. The rate of interest on current account balances was reduced to 1% from January 1, and day to day loans were available at about 1½% with few borrowers at the rate.

Low level of Bank rate.

Another unusual feature for this time of the year was the low level at which the Imperial Bank rate stood, *viz.*, 4%. This was without parallel in the last seven years except during the latter half of 1927, when the rate stood at the same level, but was raised to 5% on 1st January next. The reasons for this exceptional situation in the money market were firstly the slack export trade, the raw cotton crop having hardly moved from the interior to trade centres; secondly, heavy Treasury bill maturities during this period; and thirdly, large purchases of sterling remittances by the Government of India.

Banks keep larger cash balances.

However, in anticipation of movement in the export trade which generally begins at this time, there was a tendency among bankers to keep large available funds to meet this demand thus accounting for the comparatively small Treasury bill renewals. Government had to resort to borrowing for Ways and Means from the Imperial Bank of India in order to meet the excess of maturing Treasury bills and also to pay for purchases of sterling.

Trade demand improves.

Though there were signs of improvement in trade demand at this stage, which according to the Imperial Bank returns showed an increase of about Rs. 60 lacs about the middle of January, the rate for call loans was little affected; even the issue of two new Rupee Loans in succession on January 18 and 24, subscriptions to which were invited in the form of cash, Treasury bills and maturing loans caused no stir in the money market, call funds being still available at about ¾ per cent. to 1 per cent. throughout the month.

New Rupee loan issued.

Call loans almost unlendable.

Finding little profitable use for funds in channels of trade, which showed no signs of improvement, and call loans being almost unlendable, bankers invested large amounts in Treasury bills during the first two weeks of February, so much so that Government stopped the sale of intermediate bills from the 10th and reduced the yield which at the beginning of the year stood at about 2⅝ per cent. to about 2 per cent. per annum. Furthermore, sales of sterling to Government had decreased considerably from the beginning of the month.

As a result, money rates tightened somewhat and call funds were quoted at about 2 to 2½ per cent. by mid-month. The Imperial Bank, however, reduced the rate of interest against advances by ½ per cent. to 3½ per cent. at which level it stood throughout the year, with effect from the 16th. As a natural result, call funds were quoted somewhat lower at about 1½ per cent. Towards the end of February, Treasury bill maturities were considerable, but owing probably to a further reduction in the yield on Treasury bills to about 1⅝ per cent. coupled with the anticipation of an increase in the demand for trade purposes, Treasury bill renewals were much smaller. As a consequence the floating supply of funds increased thereby causing easiness in money and call funds were again available at 1 to 1¼ per cent. Government further reduced the yield on Treasury bills during the latter part of March to about 1⅛ per cent. and besides would not sell more than Rs. 1½ crores worth of bills each week by tender in spite of heavy maturities. Demand from trade on the other hand did not materialise and call loans were unlendable once again at about 1 per cent. On the last day of March, however, the rate for call loans hardened to 1½ per cent. owing to end of the month requirements and withdrawals of large sums by public bodies, this being the last day of the official year.

Money rates improve temporarily.

Bank rate reduced.

Money becomes easy again.

The tightness continued until the second week of April, call rate being quoted as high as 4 per cent. on occasions. The market was overinvested in gilt-edged securities, no sales of sterling were made to Government since February 23rd and banks and exporters purchased large quantity of ready gold against forward sales of sterling exchange, all of which accounted for the sudden spurt in money rates. Trade demand as per the Imperial Bank's statements also showed an improvement of about Rs. 647 lacs between March and mid-April.

Tightness appears in money.

Trade demand improves.

This marked tightness in money caused banks and exporters to sell sterling to Government by the end of March and funds released through this source together with the large excess of Treasury bill maturities over renewals, caused easiness in money and call funds became available at about 1½ to 1¾ per cent. by mid-April. Barring temporary spasms of steadiness when call rate rose as high as 3½ to 4 per cent., money remained easy almost upto the end of April at about 1½ to 2 per cent.

Market sells large blocks of sterling to Government.

On April 25 Government of India issued a new 3½ per cent. rupee loan and subscriptions were invited in cash, Treasury bills maturing upto May 10 and some other maturing loans where Government had the option of redemption earlier than the last maturing date. Large applications in cash created demand for the floating supply of funds at high rates of interest and even 5 per cent. was bid for day to day money.

Another Rupee loan issued.

Money remains steady.

During the first half of May money rates ruled quite steady, call loans being quoted between 2½ and 4 per cent.

Government's financial position was very comfortable at this stage owing to the successful flotation of the new rupee loan and they reduced the borrowing by Treasury bills from Rs. 1½ crores to Re. 1 crore a week by tenders from May 9, and completely liquidated their temporary borrowing for Ways and Means from the Imperial Bank.

Amount of Treasury bills reduced.

Money relatively easier.

Trade demand decreases.

During the second half of May money was relatively easier and call loans were again available at about 1½ to 2 per cent. Funds were gradually returning from upcountry to trade centres and trade demand as per the Bank's statement decreased by Rs. 666.66 lacs during this period.

Money rules easy.

Throughout June money remained easy and although Government increased the amount of weekly tenders for Treasury bills again to Rs. 1½ crores from June 13, and in addition sold intermediates, call loans were available at about 1 to 1½ per cent. Maturities of Treasury bills were almost offset by renewals, but Government purchased large sterling remittances amounting to £ 3,825,000 during the month. Furthermore there was the seasonal influx of funds from the interior. Towards the end of June, however, call money was a little steadier at 2 per cent. owing to the close of the banking half year and furthermore the market bought about Rs. 3½ crores worth of Treasury bills, of which payment for Rs. 1½ crores coincided with the last working day of the half year ended June 30.

Temporary tightness at the turn of half year.

Money becomes easy.

The tightness in money at the turn of the half year proved temporary and call loans became available at ½ to ¾ per cent. again. The repayment of about Rs. 4½ to Rs. 5 crores for the unconverted portion of 1931-36 bonds was probably immediately responsible for this condition, but the usual flow of funds from the interior continued keeping money rates at this level throughout July. The decrease in the trade demand as indicated by the Imperial Bank's weekly returns amounted to about Rs. 154 lacs. Though Treasury bill renewals were largely in excess of maturities, these were easily met from Government's running balances and furthermore the market was regularly supplied with funds through sales of sterling to Government. Government had also completely liquidated its borrowing from the Imperial Bank for Ways and Means.

Money continues easy.

During August and September money ruled very easy with call funds available at ½ to ¾ per cent. Government paid about Rs. 12 crores in redeeming the unconverted portion of 1933-36 and 1933 bonds, while Treasury bill renewals were offset by maturities and through sales of sterling to Government.

Money rates harden.

Early in October, money became somewhat tighter with call loans quoted at 1 per cent. This was due to funds being in demand for financing the current gold and Government security settlements. This period coincided with the debacle on the local Stock Exchange owing to the failure of an important house of cotton mill Managing Agents—Currimbhoy Ebrahim & Sons Ltd. It was rumoured that some of

the local Banks were financially involved in the failure which caused nervousness among depositors, who withdrew funds with the effect that call money was quoted as high as 5 to 5½ per cent. Several Banks in the City had recourse to the Imperial Bank for temporary advances and sterling was sold to Government at their intermediate buying rate of 1s. 6 3/32d. This was despite no fresh business having been transacted in gold for export, which had hitherto been the only important cover against sales of sterling to Government by banks. Large funds, released through this source, coupled with heavy Treasury bill maturities, gave the market an easier undertone and day to day loans began to be quoted at 1 per cent. again. The stringency in the call money market, however, did not affect time money rates, two and three months' deposits being still quoted at about 1¼ per cent.

Run on local Banks causes stringency.

Money becomes easier.

In the 3rd week of October, money was steady again owing to withdrawls from Banks prior to Divali (Hindu New Year) and to repayment of about Rs. 2 crores by the market to the Imperial Bank borrowed in the previous week and call loans were quoted at about 3 per cent. This again proved a temporary phase owing to a complete absence of any genuine trade demand. In the last week, short-term money was again available at ½ to ¾ per cent. as funds withdrawn during the panic week in the money market showed signs of return and the market had resumed almost normal conditions.

Temporary tightness in money rates.

Government, however, had been steadily increasing the return on Treasury bills from under 1 per cent. on October 7th to about 1½ per cent. by the end of October. This did not influence money rates to any extent either for day to day loans or for one to two months' deposits, since trade demand was conspicuous by its absence.

Money becomes easy again.

In the meantime, however, stocks of ready gold had been mounting in the absence of enquiry for the metal either from the London market or the Continent of Europe. Thus most of the floating funds with the Banks were occupied in financing gold. Government on the other hand, with a view to making provision for heavy Treasury bill maturities during December, increased week by week the yield on three months' Treasury bills until it reached about 2½ per cent. by the end of November. This attracted large amounts of available funds and holders of gold found it difficult to finance the increasing supply of ready stocks, which were growing day by day. Banks had to put up their rate of interest on gold and call money was not available under 3½ per cent. to 4 per cent. by the beginning of December.

Stocks of ready gold mount.

Banks put up call money rate.

Throughout December money rates remained stringent with day to day loans quoted between 3 and 4 per cent. Large amounts were invested by the market in the purchase of Treasury bills and furthermore stocks of gold were still heavy and most of the fresh business transacted was for forward deliveries. Besides produce was beginning to move from up-country to trade centres, which also was responsible for the pull in the money market at this period. The supply to the market, on the other hand,

Money continues stringent.

through purchases of sterling by Government and through maturing Treasury bills was comparatively small. In the last week money was in keen demand for year-end requirements and call funds were quoted at 4 to 4½ per cent. Time money was also somewhat more expensive, three months' deposits being placed at 2½ to 2¾ per cent. as compared with about 1½ per cent. in the last week of November.

Call rate high owing year-end requirements.

IMPERIAL BANK STATEMENT.

Cash Balance of the Imperial Bank :—The year opened with a high cash balance of Rs. 20.95 crores as compared with Rs. 11.05 crores at the beginning of 1932 and the percentage of cash to liabilities stood at 27.18 against 14.26 per cent. There was no change of any consequence in the cash balance of the Bank over the year-end, there being a fall of Rs. 148.64 lacs in the first week to Rs. 19.46 crores. Throughout January the balance increased steadily and amounted to Rs. 20.17 crores at the end of the month, but the Bank had advanced during the month Rs. 9 crores to Government for Ways and Means though Government's balance with the Bank was slightly altered, increasing from Rs. 676 lacs to Rs. 867 lacs.

High cash balance at the opening.

Government borrows heavily against Ways and Means.

In the first week of February the cash balance decreased by Rs. 120.11 lacs to Rs. 18.97 crores owing probably to beginning of month requirements, but in the following three weeks it advanced steadily to Rs. 23.35 crores, Government having repaid the Bank their entire borrowing for Ways and Means during the month without affecting their balance of deposits. Revenue returns were good during this period and also Treasury bill renewals were in excess of maturities.

Cash balance declines temporarily but considerably increases later.

In the first two weeks of March the cash balance decreased by Rs. 234 lacs to Rs. 21.01 crores owing probably to borrowing by Government of Rs. 8 crores against Ways and Means advances to pay off maturing Treasury bills and the official year-end disbursements. In the last fortnight, however, the cash balance improved again to Rs. 26.44 crores with the percentage of cash to liabilities higher by about 6 per cent. to 31.42. Government repaid to the Bank the entire amount of Rs. 8 crores during this period against Ways and Means.

Cash balance improves further.

The first week in April saw a big drop in the cash balance of Rs. 497.52 lacs to Rs. 21.46 crores owing to beginning of month requirements and the percentage of cash to liabilities was lower by 4.30 per cent. to 27.12. During the remainder of the month cash improved slightly, standing at Rs. 24.70 crores at the end and the percentage at 28.53.

Big drop in cash balance.

The cash balance declined considerably in the first fortnight in May to Rs. 19.08 crores owing partly to beginning of month requirements and partly to meet the excess of Treasury bill maturities over renewals. Further the trade demand increased by Rs. 81·91 lacs during this period. During the latter part of the month, movements in cash were of no consequence and the balance was practically

Further fall in cash balance.

unchanged at Rs. 19.33 crores at the end of May. The percentage of cash to liabilities was about 5 per cent. under that at the end of April, *viz.*, Rs. 23.43.

Cash balance increases in June.

In June the cash balance increased steadily every week and reached Rs. 23.07 crores at the end of the month—an improvement of nearly Rs. 4 crores over the previous month's figure. Funds from the interior were gradually finding their way to trade centres and in addition Government repaid to the Bank the major portion of the advances against Ways and Means. While their borrowing under this head stood at Rs. 7 crores at the beginning of the month, it was reduced to only Rs. 1 crore at the end.

Government repays against Ways and Means advances.

Government, however, borrowed Rs. 4½ crores from the Bank early in July in order to repay the maturing 4 per cent. Conversion loan 1931-36 and this naturally reduced the cash balance of the Bank which dropped by Rs. 261.41 lacs to Rs. 20.46 crores and the percentage of cash to liabilities declined by 3.63 per cent. to 24.56. In the following week, Government sold large blocks of Treasury bills and were thus able to repay Rs. 2½ crores to the Bank and the cash balance accordingly improved by Rs. 202.35 lacs to Rs. 22.48 crores. The percentage of cash to liabilities gained by 2.71 per cent. to 27.27. In the last two weeks of July, the cash balance showed a substantial advance of about Rs. 5¼ crores to Rs. 27.75 crores, as a result of large sales of Treasury bills by Government without corresponding repayments for maturities. Government were able to pay off their entire borrowings against Ways and Means to the Bank and the percentage of cash to liabilities improved to 33·09. At this juncture the cash balance and the cash percentage stood at their highest since the beginning of the year. After a slight set-back early in August, the cash balance improved again reaching the highest figure of the year, *viz.*, Rs. 28.77 crores in the week ending August 25. Thereafter the cash balance began to decline owing to large payments for maturing Treasury bills and by the third week in October stood at Rs. 19.74 crores and the percentage of cash to liabilities reduced from 33.09 to 23.32. Large amounts were borrowed by local banks from the Imperial Bank at this time to meet the rush of withdrawal owing to troubles on the Stock Exchange which undermined the confidence of depositors and this accounted for the big decrease in the Bank's cash balance. In the last week, funds borrowed by the local banks were all returned and the cash balance increased by more than Rs. 4 crores to Rs. 24.15 crores and the percentage of cash to liabilities advanced by 4.54 per cent. to 27.86.

Cash balance shows substantial advance.

Government repays Ways and Means advances fully.

Cash balance reaches highest figure of the year but falls off sharply.

Cash balance improves.

During November the cash balance changed slightly from week to week, but at the end of the month stood practically at the opening figure, *viz.*, Rs. 24.36 crores. Large Treasury bill maturities were met out of renewals.

Slight movements in cash balance.

Between November 24th and December 8th there was a big drop of Rs. 369.31 lacs in the cash balance of the Bank to Rs. 20.67 crores and the percentage of cash to liabilities from 29.01 to 24.73. The fall was partly due to beginning of month requirements and partly to loans advanced against gold

Cash balance declines.

bullion by the Bank to the market. In the succeeding weeks, changes in the cash balance were very small and at the close of the year the balance stood at Rs. 18·62 crores as compared with Rs. 20·95 crores on December 30th, 1932.

GOVERNMENT DEPOSITS.

Government deposits with the Bank changed from week to week in accordance with their borrowings and rapid repayments against Ways and Means aiming at adjusting the Treasury bills position.

Government balances small at the opening.

Government balances with the Bank stood at Rs. 6.99 crores at the end of 1932 and at the same time Ways and Means advances by the Bank to Government amounted to Rs. 3 crores. In the first week of January Government borrowed further Rs. 1½ crores, but their deposits still decreased by Rs. 23·21 lacs to Rs. 6·76 crores owing to large payments for maturing Treasury bills. During January the total Treasury bill maturities amounted to Rs. 25·66 crores. To reimburse the heavy maturities, Government issued a 4 per cent. new Rupee loan on January 18, and subscriptions were invited in cash and in outstanding Treasury bills to the extent of Rs. 15 crores. The loan was immediately subscribed and preference was given to tenderers in Treasury bills who received the entire amount of the issue. Government balances thus showed no increase, but at the same time, they had to borrow correspondingly small amounts for Ways and Means from the Bank. Government balance at the end of January stood at Rs. 8·67 crores and their loans from the Bank for Ways and Means at Rs. 9 crores, the latter having increased by Rs. 6 crores since the beginning of the year.

Government issues a new Rupee loan.

No improvement in cash balance.

Cash balance uncharged but Government repays Ways and Means advances completely.

In the first week of February, Government repaid Rs. 3½ crores against Ways and Means and their balance decreased by Rs. 209·42 lacs to Rs. 6·57 crores. In the following three weeks Government completely liquidated their balance borrowings of Rs. 5½ crores against Ways and Means, despite which their balance increased to Rs. 8.73 crores at the end of February owing to larger sales of Treasury bills and revenue receipts which are a usual feature at this time of the year.

Government re-borrows from the Bank and cash balance decreases

Government liquidates loans against Ways and Means completely and cash balance also improves.

In the first week of March, however, Government had to re-borrow Rs. 6 crores for Ways and Means in order to meet beginning of month requirements and to pay for the excess of Treasury bill maturities. Their balance receded by Rs. 175·48 lacs to Rs. 6·98 crores. In the following week Government borrowed an additional Rs. 2 crores, but in the last fortnight they repaid the entire Rs. 8 crores, thus reducing their borrowings against Ways and Means to *nil* at the end of the fiscal year. Their deposits on the other hand increased by about Rs. 4½ crores to Rs. 11·33 crores. Treasury bill maturities during the latter part of March were also comparatively very small at Rs. 3·23 crores.

In the first two weeks of April there was hardly any change in Government deposits, Treasury bill maturities being offset by renewals. In the third week, however, Government borrowed Rs. 2 crores for Ways and Means since Treasury bill maturities were large and Government had to pay for the purchases of sterling remittances amounting to over £1 million. Their deposits stood at Rs. 6·96 crores at this date.

Slight variations in Government deposits.

In the last week of April Government issued another Rupee loan, subscriptions to which were invited in cash as well as in maturing bonds. Accordingly Government deposits showed a substantial advance of Rs. 553·61 lacs to Rs. 12·50 crores and they repaid to the Bank Rs. 2 crores borrowed in the preceding week. Incidentally Rs. 12·50 crores was the biggest balance of Government deposits during the year 1933.

Another Rupee loan issued.

Government balances reach maximum of the year.

In the first week of May, however, Government deposits fell by more than Rs. 5½ crores to Rs. 6·92 crores owing partly to beginning of month requirements and partly to the repayment of a large amount of Treasury bills which exceeded renewals by about Rs. 2½ crores. Further, Government purchased nearly £1 million sterling from the market during the week.

Sharp decline in Government deposits.

In the month of May there were no important changes in Government deposits and their borrowings from the Bank for Ways and Means were stationary at Rs. 4 crores throughout.

During June Government had to meet heavy Treasury bill maturities and also to pay for purchases of sterling; and they accordingly borrowed Rs. 3 crores from the Bank for Ways and Means in the first two weeks. Their deposits improved somewhat to Rs. 7·61 crores during this period. In the succeeding weeks Government repaid by instalments the advances taken from the Bank for Ways and Means and at the end of the month the total amount outstanding under this head was only Rs. 1 crore. Government deposits declined by Rs. 197·70 lacs to Rs. 5·83 crores at the end.

Slight improvement in Government deposits.

Early in July, however, Government reborrowed Rs. 4½ crores for Ways and Means advances with a view to meet the maturing 1931-36 bonds and to pay for beginning of month requirements. Treasury bill maturities were small during this month aggregating Rs. 3·43 crores, and while renewals were very large Government bought big blocks of sterling remittances during this period offsetting the excess of Treasury bill sales. They also repaid Rs. 5½ crores to the Bank against Ways and Means advances in the following two weeks, thus completely liquidating the debt. Government deposits increased to Rs. 8·90 crores at the end of July.

Government borrows for Ways and Means to repay maturing loan.

Ways and Means advances completely liquidated.

The first week in August saw the usual beginning of month shrinkage in Government deposits which declined by Rs. 182·63 lacs to Rs. 7·08 crores, but in the succeeding three weeks there were no changes of consequence. Government also refrained from borrowing for Ways and Means till the last week, when they took a small advance of Rs. 50 lacs.

In the first week of September, however, Government borrowed Rs. 2 crores for Ways and Means probably to meet beginning of month requirements and to pay for the maturing 1933 bonds amounting to about Rs. 4 crores. The balance of deposits declined to Rs. 6·71 crores. In the third week Government paid off the entire outstanding temporary loan of Rs. 2½ crores to the Bank and their deposits were practically unaffected at Rs. 6·51 crores. In the last week Government reborrowed a small amount of Rs. 50 lacs, but their deposits improved by a like amount to Rs. 7·08 crores.

Government reborrows for Ways and Means.

During October, Government had to meet heavy Treasury bill maturities and they accordingly borrowed from the Bank Rs. 4 crores in the first week and Rs. 3 crores in the third week for Ways and Means. But the balance of deposits showed almost no change at Rs. 6·79 crores. In each of the two succeeding weeks Government paid off Rs. 50 lacs against Ways and Means advances and their deposits declined by about Rs. 86 lacs to Rs. 5·93 crores at the end of the month.

No change in Government deposits.

During November, Government deposits changed but slightly, but they repaid Rs. 1 crore in the third week against Ways and Means, thus reducing the outstanding to Rs. 5 crores. Their balance with the Bank at this time stood at Rs. 6·99 crores.

During December, Government deposits showed an increase of Rs. 196·94 lacs to Rs. 8·70 crores owing partly to large sales of Treasury bills. Besides Government borrowed further Rs. 1 crore for Ways and Means advances in the first week. By mid-month, however, Government repaid the whole of the outstanding borrowings of Rs. 4 crores, partly by a reduction in their deposits to Rs. 6·91 crores and partly through Treasury bill sales. In the last week Government deposits were almost unchanged and stood at Rs. 7·08 crores.

Government deposits increase.

CURRENCY RETURNS.

A novel feature in this year's currency returns was the complete absence of notes issued against internal bills of exchange, which was a rather common feature in the two preceding years.

In the opening week, although there was practically no change in the amount of notes in circulation which stood at Rs. 174·84 crores, there were important changes in the other items constituting the assets. Gold bullion increased by Rs. 676·94 lacs to Rs. 25·45 crores with an almost corresponding decrease in the rupee securities to Rs. 38·70 crores. This was caused by the transfer of £5 million gold from the Gold Standard Reserve earmarked in India to the Paper Currency Reserve. As a result of the change the metallic reserve ratio to circulation improved from 73·99 to 77·86. In the succeeding three weeks notes in circulation declined gradually by about Rs. 50 lacs to Rs. 174·32 crores at the end of January due to the withdrawal of rupee coin which decreased by about Rs. 1½ crores to Rs. 96·26 crores. Silver bullion on the other hand increased by about 38 lacs to Rs. 13·28 crores. Gold bullion was slightly altered, but rupee securities advanced from Rs. 38·70 crores to Rs. 39·26 crores.

Important changes in Reserves in the opening week.

Notes in circulation decline.

During February and March notes in circulation increased by about Rs. 2½ crores to 176.89 crores at the end of March owing to seasonal demand. The issue was made against an almost corresponding increase in silver reserves, which improved from Rs. 109.54 crores to Rs. 111.86 crores, but this increase was largely in silver bullion held in reserves which advanced from Rs. 13.28 crores to Rs. 15.52 crores. Gold bullion and rupee securities on the other hand were practically unchanged, the former at Rs. 25.99 crores and the latter at Rs. 39.04 crores. The metallic reserve ratio to circulation stood at 77.92.

Notes in circulation increase.

In April the currency returns showed only minor changes from week to week and at the end of the month notes in circulation stood at Rs. 176.66 crores, *i.e.*, Rs. 23 lacs under the closing figure of the previous month. Silver reserves showed a corresponding fall from Rs. 111.86 crores to Rs. 111.58 crores, while gold bullion increased by Rs. 27 lacs to Rs. 26.26 crores. Rupee securities on the other hand dropped from Rs. 39.04 crores to Rs. 38.82 crores. The metallic reserve ratio to circulation was a little better at 78.02.

Minor changes in currency returns.

In the first fortnight of May, notes in circulation dropped by Rs. 117 lacs to Rs. 175.49 crores and silver coins by 132 lacs to Rs. 94.42 crores. Silver bullion also decreased by Rs. 90.09 lacs to Rs. 14.98 crores owing to the shipment of 1,349 ingots of silver valued at Rs. 22.98 lacs to London on Government account. Rupee securities on the other hand advanced by Rs. 100.00 lacs to Rs. 39.83 crores, but the metallic reserve ratio declined slightly to 77.30 per cent. In the following three weeks changes in the currency returns were of little consequence, but the return of June 15 revealed some important changes. Silver bullion showed a fall of Rs. 6.37 crores to Rs. 9.11 crores, representing the transfer of about 20 million ounces of silver sold by India to the British Government for transfer to the United States as a token payment for the war debt instalment due June 15. This, however, did not affect the note circulation which was practically unchanged at Rs. 175.66 crores but was replaced partly by gold bullion and partly by rupee securities. Gold to the extent of Rs. 245.33 lacs was transferred from the Gold Standard Reserve held ear-marked in India to the Paper Currency Reserve and Rupee securities were increased by Rs. 393 lacs to Rs. 43.96 crores. The metallic reserve ratio to circulation declined from 77.18 to 74.95.

Notes in circulation and silver bullion decrease.

Rupee securities advance.

Silver bullion falls but note circulation unaffected.

Gold bullion transferred from Gold Standard Reserve.

In the last week of June, notes in circulation increased by Rs. 82.19 lacs to Rs. 176.56 crores and this was offset partly by increase in silver reserves which rose from Rs. 102.77 crores to Rs. 103.45 crores and partly by rupee securities which advanced from Rs. 43.82 to Rs. 44.06 crores. Gold bullion was unchanged at Rs. 29.06 crores.

Notes in circulation increase.

Throughout July and August notes in circulation increased almost every week reaching Rs. 179.76 crores at the end of August, an increase of Rs. 3.19 crores over the closing figure of June. Silver coins were returning to the Treasury thus causing this advance in the note issue. Silver reserves which had stood at Rs. 103.45 crores at the end of June rose to Rs. 105.41 crores, while rupee securities increased by about Rs. 96 lacs to Rs. 45.03 crores. Gold bullion was slightly higher at Rs. 29.31 crores.

Note circulation continues to increase and silver coins return to Treasury.

During September and almost up to the end of October, there were no changes of any importance in the currency returns. In the last week of October, however, notes in circulation increased by Rs. 54.10 lacs to Rs. 180.04 crores, which constituted the highest figure in circulation during 1933. The increase in notes during this period was effected largely against rupee securities which advanced by just over a crore to Rs. 46.10 crores. Silver reserves on the other hand declined from Rs. 105.40 crores to Rs. 104.23 crores, while gold bullion was little altered at Rs. 29.70 crores.

No important changes in currency returns.

Throughout November and December notes in circulation gradually declined every week and there was a drop of about Rs. 125 lacs to 178.79 crores on December 15. Notes were cancelled largely against withdrawal of silver coin, which dropped from Rs. 94.32 crores to Rs. 91.67 crores, though silver bullion during the period increased from Rs. 9.91 crores to Rs. 10.79 crores. Gold bullion also showed a slight increase from Rs. 29.70 crores to Rs. 30.38 crores, whereas securities in India receded from Rs. 46.10 crores Rs. 45.93 crores. The percentage of metallic reserve to circulation was practically unchanged, ranging between 74.39 and 74.06. During the latter half of December notes in circulation decreased further and stood at Rs. 178.10 crores on December 31. Silver coin and bullion showed some changes, the former dropping about a crore of rupees and closing at Rs. 90.74 crores and the latter from Rs. 10.79 crores to Rs. 10.49 crores. Gold bullion rose slightly from Rs. 30.38 to Rs. 30.50 crores and the metallic reserve ratio to circulation stood at 73.96.

Notes in circulation decline steadily.

Notes in circulation unchanged.

TREASURY BILLS.

Government issued only one class of usance, *viz.*, three months' bills throughout 1933 unlike in the previous two years when the tenure of the bills was changed from time to time to suit the changing conditions of the money market and Government's requirements. Furthermore at no time was the sale of Treasury bills suspended by weekly tenders though the amount was varied but the sale of intermediate bills was interrupted from time to time. The total amount of bills issued during this year was comparatively small amounting to Rs. 102.63 crores as compared with Rs. 135.47 crores issued in 1932 and Rs. 195.96 crores in 1931. Besides the average yield was much lower, the highest being about 2⅝ per cent. and the lowest .807 as against 7¼ per cent. and 2.375 per cent. respectively in 1932 and 7.245 per cent. and 4.844 per cent. respectively in 1931.

Three months' bills, the only usance.

The year opened with the total outstanding bills aggregating Rs. 50.71 crores, of which Rs. 25.66 crores matured in January, Rs. 14 crores in February and Rs. 11.04 crores in March.

Tenders invited every week but yield reduced gradually.

Tenders for Rs. 1 crore a week were invited up to the first week of February and side by side intermediates were also sold. The average yield, however, was reduced gradually from 2⅝ per cent. to under 2 per cent. The total sales during this period amounted to Rs. 15.54 crores, but maturities were largely in excess amounting to Rs. 30.60 crores. A funding loan was issued by the Government of India on the 18th January to meet this excess. The loan was a 4 per cent. issue maturing in 1943. Applications were invited in cash and in Treasury bills maturing not later than February 11, 1933, at their face value. Preference was given to tenderers in Treasury bills and in fact the whole of Rs. 15 crores were allotted to them, applicants in cash being refused. Government were thus able to meet the maturing Treasury bills up to mid-February through this source and owing to the absence of demand for funds from trade, large amounts found their way in Treasury bills. Furthermore Government issued a second 4 per cent. rupee loan, this time only conversion one, on January 24. The sale of intermediate bills was accordingly suspended as from February 7, but the amount of weekly tenders was increased from Rs. 1 crore to Rs. 1½ crores with effect from the February 14, as maturities during the latter part of February and in March amounted to about Rs. 18 crores. Government allotted Rs. 1½ crores in the two following weeks at almost the same yield, but in the first week in March applications were very large at Rs. 3.82 crores and Government reduced the average yield from near 2 per cent. to 1⅝ per cent. per annum. The yield was further reduced week by week until it reached 1⅛ per cent. by the end of March, but Government were still able to sell almost Rs. 1½ crores worth of bills every week.

Rupee loan issued.

Preference given to tenderers in Treasury bills.

Second rupee loan issued and sale of intermediate bills suspended.

Amount of weekly tenders increased.

Yield reduced.

Early in April money became somewhat tighter and as the return on Treasury bills was very low, applications dwindled and Government were able to sell only Rs. 193 lacs in three weeks. By the end of April money was easier again and Government received large tenders allotting Rs. 1½ crores in the last week and Rs. 1.16 crores in the first week of May at an average yield of 1 3/16 per cent.

Treasury bills sales decline.

Government had repaid by now the heavy maturities of the first quarter amounting to about Rs. 51 crores partly through the funding operations and renewals, and partly from their revenues which are usually the largest in this last quarter of the financial year. The total of outstanding bills was reduced to about Rs. 16 crores in early May and Government therefore reduced the amount of weekly tenders from Rs. 1½ crores to Rs. 1 crore with effect from May 9. Money, however, was again a little tighter owing to the issue of a yet another rupee loan, this time a 3½ per cent. issue due 1947-50. Subscriptions were invited in cash as well as in maturing bonds and a fair amount was tendered for in the former, this accounting for the relative tightness in money.

Government repays large maturities of Treasury bills during first quar.

Third rupee loan issued.

Although one crore was sold in the first week of issue, tenders fell off in the following week and amounted to about Rs. 65·25 lacs at an average yield of about 1¼ per cent., *i.e.* 1/16 per cent. higher than in the preceding few weeks.

T. Bill sales decline temporarily.

The tightness in money proved short-lived and Government once again received their full requirements every week and the rate of interest was gradually lowered to 1 1/16 per cent. by mid-June. Even at this low rate, the volume of applications began to increase and Government, in order to take advantage of cheap money, increased the weekly tenders from Rs. 1 to Rs. 1½ crores with effect from June 13, and reintroduced the sale of intermediate bills from June 14.

Government receives full tenders every week.

Yield reduced further.

Despite the low return the market invested Rs. 14·25 crores in these bills during the succeeding five weeks, increasing the outstanding amount by nearly Rs. 7 crores to Rs. 23 crores, and Government again suspended the sale of intermediate bills. The amount of weekly tenders, however, was unchanged at Rs. 1½ crores and Government received large applications allotting this amount week by week upto mid-August, but they decreased the return gradually to about 13/16 per cent. per annum, the lowest of the year and also the lowest in the history of Treasury bill operations in this country.

Large amounts invested in T. Bills.

Yield decreased to low level.

From August 16, Government once again introduced the sale of intermediate bills and in four days sold more than Rs. 3½ crores. Their sale was accordingly immediately suspended, but weekly tenders for Rs. 1½ crores were continued. Money was getting a little steadier and Government increased the return slightly to about 15/16 per cent. by the middle of September, securing full tenders every week.

Sale of intermediate Bills reintroduced and again suspended.

The maturities between September and the end of the year had by now grown to over Rs. 40 crores. To be in possession of funds to redeem the bills during the latter part of the year, when applications might not be forthcoming with the same ease and on the same cheap terms, Government reintroduced the sale of intermediate bills from September 6.

Intermediate Bills reintroduced.

Large amounts of these bills aggregating Rs. 595·25 lacs were purchased by the market during September and early October and in addition Rs. 1½ crores bills were sold every week by tender. The outstanding amount, however, showed only a small increase of Rs. 2 crores to about Rs. 32 crores during this period, most of the funds having been utilised to pay off maturing bills which during September amounted to Rs. 9.34 crores. The yield was practically unchanged at under one per cent. throughout.

Market purchases large blocks.

In the second week of October, a serious crisis occurred on the Stock Exchange through the failure of an important house of cotton mill managing agents and this had its repercussions on the money market with the rate for call funds rising from ¾ -1 per cent. to about 5 per cent. This naturally retarded

Serious crisis on the Stock Exchange affects money market.

investment in Treasury bills which were yielding only 1 per cent. Sale of intermediate bills amounted to Rs. 21 lacs only in the following three weeks and though tenders to the full extent of Rs. 1½ crores were received each week, the yield on these had to be improved to over 1½ per cent. in early November.

Yield on T. Bills increased.

Money rates continued to remain steady throughout November owing to large funds having been held up in the financing of gold bullion stocks which amounted to over 10 lacs tolas. Furthermore November usually heralds the incoming of the busy season and banks generally arm themselves with larger cash balances in order to meet the growing demand for financing merchandise exports. Government had therefore to pay higher return in order to attract funds in Treasury bills. The yield was increased to over 2 per cent. by the end of November and Government while continuing the sale of intermediate bills increased the amount of weekly tenders to Rs. 2 crores from November 21 and to Rs. 2½ crores from the week following.

Yield increased further.

The total sales during October and November amounted to Rs. 17·21 crores and funds were largely used for paying off the maturing bills, the outstanding amount remaining at Rs. 29·68 crores on December 1.

Total sales during Oct. and Nov.

Large blocks of treasury bills were sold during December by weekly tenders and on tap. The yield was increased from 2 7/16 per cent. to about 2⅝ per cent. towards the close. The total sales during the month amounted to Rs. 10 crores by tender and Rs. 226·50 lacs through intermediates, against maturities of Rs. 11·98 crores during the month. The total outstanding treasury bills at the end of the year amounted to Rs. 30·88 crores as compared with Rs. 50·71 crores at the end of the last year and against Rs. 14·17 crores on June 2, 1933. Unlike the past two or three years, the outstanding bills were all of three months usuance and the latest maturities extend upto March 31, 1934.

Large blocks sold and yield increased.

GOVERNMENT SECURITIES.

There was greater confidence in Government securities this year and gilt-edged were quite firm at the opening with a brisk investment demand. Cheap money owing to general trade being dull, was largely responsible for the higher tendency in quotations. Banks reduced their rate of interest on current deposits to 1 per cent. with effect from January 1 and the yield on the Post Office Cash Certificates was further reduced to 4½ per cent., both these factors contributing additional strength to the security market. 3½ per cent. Paper which opened at Rs. 74-4 advanced sharply to Rs. 76-3 by mid-January. 5 per cent. Loan due 1945-55 (tax free) gained from Rs. 107-1 to Rs. 108-2 and 5½ per cent. 1938-40 Loan advanced from Rs. 104-10 to Rs. 105-8. 4 per cent. Loan due 1960-70 improved by Rs. 2-10 to Rs. 88-2 and 4½ per cent. 1955-60 Loan by Rs. 2-0 to Rs. 97-12. Among the short-term bonds 5 per cent. Loan due 1935 steadied from Rs. 101-14 to Rs. 102-10, 6½ per cent. Treasury Bonds from Rs. 105-12 to Rs. 106, while 5 per cent. 1933 bonds were steady between Rs. 101-8 and Rs. 101-9.

Market opens with healthy tone.

Yield on P. O. Cash Certificates lowered.

Prices improve.

New Rupee loan issued and Terms of issue.

On January 18, the Government of India announced that subscriptions would be received from January 23, for the issue of 4 per cent. taxable bonds due at par in 1943. Subscriptions were invited in cash or in Treasury bills. The issue was to be closed without notice as soon as the total subscriptions amounted to Rs. 15 crores and in any case not later than January 26, 1933. The issue price was fixed at Rs. 98 for every Rs. 100 of the bonds applied for and interest was made payable on February 1 and August 1. Applications were to be in the form of stocks or Promissory Notes and in multiples of Rs. 100.

Treasury bills maturing not later than February 11, 1933 and payable at the place of presentation of the application were to be accepted at their face value.

Government chooses opportune moment for issue.

The market had been full of rumours of the impending issue for a few days and that was partly responsible for the strength in gilt-edged in the preceding week. Government chose the right psychological moment for the issue, as the money market was easy and a healthy undertone prevailed in the security market. The loan was designed to assist Government in their Ways and Means position and to enable them to consolidate a portion of the floating debt in Treasury bills. Furthermore, this loan was a feeler for a long-term conversion scheme that Government had in view. Rs. 11 crores were required for the redemption of 5 per cent. 1933 bonds due September 1, and besides Government had the option to repay 6 per cent. 1933-36 bonds and 5 per cent. 1929-47 loan during the year which aggregated Rs. 39 crores. Government were bound to take advantage of the existing cheap money conditions and thereby reduce their interest obligations on these loans.

Loan phenomenal success.

The loan was a phenomenal success, being oversubscribed in less than one hour. Allotments were made to tenderers in Treasury bills only, applicants in cash being refused.

Government issues second rupee loan.

Encouraged by the result, the Government of India issued a notification inside a week on January 24, that from February 1 to 28, holders of 5 per cent. War Loan due 1929-47, of 5 per cent. Bonds due 1933 and of 6 per cent. bonds due 1933-36 had the option to convert their holdings into the new 4 per cent. loan due 1960-70.

Terms.

For every Rs. 100 nominal value of the above bonds tendered for conversion, applicants were to receive Rs. 100 nominal value of 4 per cent. 1960-70 loan bearing interest from March 15, 1933. Furthermore the applicants were to receive the following cash bonus on conversion and in addition interest accrued and accruing upto March 14, 1933 on the various bonds tendered for conversion :—

Cash bonus of Rs. 7-8 on Rs. 100 of the 5 per cent. War Loan due 1929-47.

" " " " 8-8 " " 100 " 5 per cent. Bonds due 1933.

" " " " 8-8 " " 100 " 6 per cent. Bonds due 1933-36.

As a result of the success of the first loan and the issuance of the second, gilt-edged stocks firmed up and there was a keen demand from investors for all classes of securities. Furthermore the yield on Treasury bills, which stood in the neighbourhood of about 2½ per cent. at the opening, was gradually reduced to about 2 per cent. by the end of January.

Loan successful and gilt-edged firm.

3½ per cent. Paper, barring temporary reactions advanced sharply to Rs. 81-5 by the 3rd of February, gaining about 7 points over the opening rate. The new 4 per cent. 1943 loan went to a premium of Rs. 1-10 over the issue price of Rs. 98. 4 per cent. 1960-70 loan recorded a rise of Rs. 5 to Rs. 93-8 and 5 per cent. 1945-55 Tax free loan was quoted at Rs. 110-12. 5½ per cent. 1938-40 loan reached Rs. 105-15, a gain of more than a rupee, while 4½ per cent. 1955-60 loan went over par for the first time since its issue in August 1928 touching Rs. 101-14. Short term bonds were practically unchanged during this period.

Sharp rise in gilt-edged prices.

The Conversion loan, which opened on February 1, was progressing well, Rs. 7 crores having been converted in the first four days. This caused a further improvement in gilt-edged. On February 16, the Imperial Bank rate was reduced by ½ per cent. to 3½ per cent. and further conversions to the extent of Rs. 5 crores had taken place. As a consequence security prices advanced further, 3½ per cent. Paper reaching Rs. 83-6 on the 18th. 4 per cent. new loan due 1943 was quoted at Rs. 100-14 and 4 per cent. 1960-70 loan advanced to Rs. 95. 4½ per cent. 1955-60 loan improved to Rs. 103-10 and 5 per cent. 1945-55 loan gained nearly 2 points to Rs. 111-14. 5½ per cent. 1938-40 loan rose to Rs. 107-2. Short term bonds also showed a distinct improvement. 6½ per cent. Bombay Development Loan which had opened at the beginning of the year at Rs. 106-14 was higher by a rupee and Treasury bonds recorded a like gain at Rs. 106-12.

Conversion loan progressing well.

Imperial Bank rate reduced and further advance in security prices.

In the following week there was a natural reaction and prices declined all round. Furthermore the conversion figures had reached Rs. 19 crores by February 24, which was not considered very encouraging, as there were only four more days left before the list closed and there were still 31 crores outstanding, 3½ per cent. Paper after small fluctuation dropped more than Rs. 1-4 to Rs. 82-1 and the 4 per cent. new loan due 1943 was quoted at Rs. 100-6. 4 per cent. 1960-70 loan lost about one point to Rs. 94-1 and 5 per cent. 1945-55 loan suffered by a like amount. Short term bonds, however, were maintained.

Prices react on profit taking.

The last week in February coinciding as it does with the presentation of the General Budget generally causes wide fluctuations in the security market which happened this year. The tendency at first was for prices to decline, particularly those of speculative scrips and 3½ per cent. Paper suffered a sharp fall to Rs. 81-5. However, as the Budget contained no proposals affecting the security market directly and immediately, prices advanced once again and a steady tone developed. The speech of the Finance

Market fluctuates heavily.

Member was very optimistic particularly as regards the future trend of security values. It was indicated in the speech that no new rupee loan was likely to be raised except for refunding purposes, provided market conditions were favourable.

Results of the New Rupee Loan.

Almost simultaneously with the Budget proposals, the Controller of Currency issued a communique that conversions of the 5 per cent. War loan, 5 per cent. 1933 and 6 per cent. 1933-36 bonds into 4 per cent. 1960-70 loan reported till then amounted to approximately Rs. 33.31 crores distributed as under :—

5% 1929-47 War Loan	Rs. 15.36 crores
5% 1933 Loan	Rs. 7.00 ,,
6% 1933-36 Bonds	Rs. 10.95 ,,

Prices advance.

Following this announcement which was considered quite satisfactory, the security market firmed up and not only were the recent losses regained but quotations in some cases improved further. 3½ per cent. Paper after advancing to Rs. 83-4 on February 28, reacted to Rs. 82-15 on March 3. 4 per cent. 1943 loan steadied to Rs. 100-6 and 4 per cent. 1960-70 loan to Rs. 94-5. 5 per cent. 1945-55 Loan stood at Rs. 111-3 and 4½ per cent. 1955-60 loan reacted slightly to Rs. 103-2.

Temporary fall in prices.

Early in March there was a temporary fall in security values following disquieting news from the U. S. A., but the local conditions did not justify any drop in prices since money was extremely easy and Government were able to borrow Treasury bills at about 1½ per cent. as compared with over 2½ per cent. at the beginning of the year. 3½ per cent. Paper after dropping to Rs. 81-7 on March 7, improved to Rs. 82-11 on the 10th and 4 per cent. 1960-70 loan after losing to Rs. 93-6 closed at Rs. 94-3. Similar movements characterised all other issues.

Easy money causes demand for gilt-edged securities.

Money had now become a drug on the market, call loans being difficult to place even at 1 per cent. Government were able to borrow three months Treasury bills at about 1⅛ per cent. and there was a scramble for all classes of securities. Investors, bankers and speculators were all buyers with the result that by the first week of April 3½ per cent. Paper reached Rs. 89-2 and 4 per cent. 1960-70 loan touched Rs. 100-4. 4 per cent. 1943 new loan was placed at Rs. 101-13 and 4½ per cent. 1955-60 loan rose to Rs. 105-12. 5 per cent. 1945-55 tax free loan advanced to Rs. 113-3 and short-term loans were all firmer, 6½ per cent. Bombay Development Loan being quoted at Rs. 108-12 and 6½ per cent. Treasury Bonds at Rs. 107-12. These constituted the highest rates of the year in almost all cases. There was some reaction at the higher level on profit taking and there were more sellers than buyers in every scrip. Calcutta operators, who were partly responsible for bulling the local market, began to unload their holdings, resulting in an all round fall in prices. Heavy deliveries were effected in the market and the carry-overs of speculative scrips for the fortnightly settlement due May 2 cost 5 per cent. per annum. 3½ per cent. Paper declined to Rs. 86-15 and 4 per cent. 1960-70 loan to Rs. 98-9 in the third week of April. All other issues suffered likewise, dropping 1 to 2 points in each case.

Prices reach highest of the year.

The money market was so easy and the undertone of gilt-edged still so strong, that Government ventured on the 25th a third rupee loan inside of four months, this time a 3½ per cent. one at 96 per cent. due for repayment in 1947-50. The total amount of the issue was fixed at Rs. 30 crores and consisted of two sections—cash and conversion—each to the extent of Rs. 15 crores.

Third rupee loan issued.

Subscriptions for cash portion of the loan were made payable from April 28 and were to be in the following forms :—

Terms.

(*a*) Cash
(*b*) Treasury bills maturing before May 10
(*c*) 4% Conversion loan of 1916-17
(*d*) 5% War loan due 1929-47
(*e*) 5% Bonds due 1933
(*f*) 6% Bonds due 1933-36

Securities under (*c*) and (*d*) were to be accepted at par and those under (*e*) and (*f*) at Rs. 100-12 per cent. The cash section of the loan was to be closed without notice as soon as it appeared that a total of Rs. 15 crores approximately had been reached and in any case not later than April 29.

For the conversion section the following securities were to be accepted under the terms indicated against each :—

(*a*) 4½% 1934 *bonds*.—For every Rs. 100 nominal value of this loan applicants were to get Rs. 100 nominal of the new loan plus a cash bonus of Rs. 6-2 and interest at 4½ per cent. upto May 14 on the bonds tendered.

(*b*) 5% 1935 *bonds*.—For every Rs. 100 nominal of this loan tendered applicants were to receive Rs. 100 nominal of the new loan plus a cash bonus of Rs. 8 and interest at 5 per cent. upto May 14, on bonds tendered for conversion.

(*c*) 6½% *Treasury bonds* 1935.—For every Rs. 100 nominal of this loan, applicants were to get Rs. 100 nominal of the new loan plus a cash bonus of Rs. 11-8 together with interest at 6½ per cent. upto May 14, on the bonds tendered for conversion.

The conversion section of the loan was to be closed without notice as soon as it appeared that a total of Rs. 15 crores approximately had been received and in any case not later than May 13, 1933.

The announcement of the third rupee loan in succession was well received and it was felt that both the sections would prove a success. The issue was timely and the yield was in keeping with that on other securities. Government stood to benefit considerably by borrowing cheap loans and the saving to the Exchequer was to be very large. The investing public expected, however, that a part of this saving should be applied to the reduction of income tax.

Loan well received.

The cash section being over-subscribed was closed immediately and the Deputy Controller of Currency issued a communique on the 28th that subscriptions in the form of Treasury bills and securities received no allotment. Applicants in cash received about 67 per cent.

Cash section over-subscribed.

Another communique was issued on May 5, stating that the nominal value of the 4½ per cent. bonds due 1934, 5 per cent. bonds due 1935 and 6½ per cent. Treasury bonds due 1935 converted into 3½ per cent. loan due 1947-50 amounted approximately to Rs. 15.19 crores distributed as under :—

Conversion results.

4½% Bonds due 1934	Rs.	12.98 crores
5% Bonds due 1935	Rs.	1.39 ,,
6½% Treasury bonds due 1935	Rs.	.82 ,,
	Rs.	15.19 crores

All applications for the conversion section of the loan were accepted in full.

Following the success of this also, securities became firmer once again and a fair turnover transpired in 3½ per cent. Paper on speculative account which fluctuated rather erratically. The quotation for this scrip advanced to Rs. 88/13 (April 28) and after a set back to Rs. 87/15 reacted to Rs. 88/3 but eased off to Rs. 87/5 on May 5. 4 per cent, 1960-70 loan was again quoted slightly above par but declined to Rs. 99/2 and the new 4 per cent. 1943 loan receded a few annas to Rs. 101.5. 5 per cent. 1945-55 tax free loan lost about 8 annas to Rs. 112-9.

Security market continues firm.

The rate of Post Office Cash Certificates was raised for the second time in the year from Rs. 8 to Rs. 8-4, giving a return of 4 per cent. with effect from June 1.

Rate of P.O. cash certificates raised.

The market appeared rather over-invested in this loan and as there was no premium immediately as was generally expected, there was a tendency on the part of weak holders to unload their holding and this caused a small discount on the issue price with the result that all other scrips declined fractionally.

Market over-invested in securities.

On May 10, Government of India issued yet another loan, this time in sterling in the London market amounting to £12 million. The interest on this issue was 4 per cent. and the issue price £97 per cent., thus giving half per cent. better return than on the rupee loan issued in the previous week. The loan is repayable in 1948-53 at the option of Government.

India Sterling loan issued.

The subscription list opened on May 10 and the loan was over-subscribed in half an hour, only 25 per cent. being allotted to tenderers. The dealings started at 15/16 per cent. premium. Although Government had ample sterling balances in London and could buy sterling from the market with ease, they probably floated the loan to accumulate large sterling assets so as to facilitate the formation of a Reserve Bank for India. Sir George Schuster, the Finance Member, had hinted in his Budget speech that Government would avail themselves of every opportunity to this end.

Loan over-subscribed.

The loan in itself proved a success but the fact that Government paid a half per cent. higher in London than in India, in spite of very cheap money conditions prevailing in the former market, the investors in the new 3½ per cent. rupee loan became nervous and there was a hurried tendency to unload. Speculators took advantage of the situation and hammered down the prices of all issues. Buyers were scarce, sellers dominating the market. 3½ per cent. Paper suffered a sharp fall from Rs. 87/5 to Rs. 84/3 (10th) and after a small reaction to Rs. 85/14 declined to Rs. 84/13. 3½ per cent. New Loan 1947/50 was quoted at Rs. 93/12, Rs. 2/4 under the issue price. 4 per cent. 1960-70 loan dropped from near par to Rs. 96/4 and 1943 loan from Rs. 101/5 to Rs. 100/14. 6½ Bom. Dev. Loan lost a rupee to Rs. 106/14 and 6½ per cent. Treasury bonds from Rs. 106/14 to Rs. 106/4.

Local gilt-edged decline.

The fall was more marked in the following week and market was in a nervous state. The quotation of 3½ per cent. Paper fell by more than 5 points to Rs. 79/8 on May 15. The Stock Exchange authorities apprehending a crisis suspended forward dealing in the security market immediately, allowing, however, carry-over operations from May 16 settlement to June 2 settlement and dealing in cash. Following the squaring up of accounts for the May 16 settlement, for which heavy deliveries were effected, the market assumed a healthier tone and forward trading was resumed from May 17. The tone of the market was somewhat improved and advices from London were also better. 3½ per cent. Paper accordingly advanced from the low level of Rs. 79/8 to Rs. 83 but declined to Rs. 82/2. 3½ per cent. New Loan 1947/50 which had dropped by 3 points to Rs. 91 found buyers at Rs. 93. 4 per cent. loan due 1960/70 after a sharp fall to Rs. 91/8 advanced to Rs. 95/2 and 5 per cent. 1945/55 tax-free loan after recording a fall of Rs. 3 at Rs. 109/8 closed firmer at Rs. 110/8. 6½ per cent. Bom. Dev. loan receded from Rs. 106/14 to Rs. 106 and 6½ per cent. Treasury bonds were quoted at Rs. 106 after declining to Rs. 105/12.

Sharp fall in security values.

In the following week of May, although prices were maintained, the undertone was not good owing to the disturbed international political situation which was having its repurcussion on security prices all over the world. India sterling stocks were weak and investors in the local market adopted a policy of wait and see. The bull operators tried to maintain rates and banks were small buyers, but this was not sufficient to hold rates for long.

Undertone easy on international political situation.

Price movements in the last week of May and in the early part of June were erratic and the tendency was towards lower rates. 3½ per cent. Paper once again declined to Rs. 79/10 and after sharp fluctuations between Rs. 80/13 and this level closed at Rs. 81/2 (June 2). 3½ per cent. 1947/50 Loan after declining from Rs. 93 to Rs. 91/12 reacted to Rs. 92/4. There were similar movements in all other issues.

Erratic movements.

The undertone throughout June was quiet, but as the local money market was very easy the fall in prices was not marked. Investment demand, however, was negligible and even speculators appeared to be tired out. 3½ per cent. Paper moved between Rs. 79/8 and Rs. 81/9 remaining at the middle level for most of the time. 4 per cent. 1960/70 loan after declining from Rs. 94/3 to Rs. 93/6 on the 15th steadily improved to Rs. 96 at the close.

Prices comparatively stable.

Confidence revives in gilt-edged.

Confidence in gilt-edged securities showed signs of revival in early July and there was a small investment enquiry, particularly in 5 per cent. 1945-55 loan and in 4 per cent. 1960-70 loan. 3½ per cent. Paper was comparatively inactive being neglected by speculators. Money was getting easier day by day and large funds were to come to the market through the redemption of unconverted portion of 5 per cent. 1933 and 6 per cent. 1933-36 bonds during August and September. Advices from London were not encouraging, however, owing to political disturbances on the Continent and this tended to check a rise in prices during the first fortnight. In the third week of July the market was firmer and a buoyant tone became manifest following better news from London, where India sterling stocks advanced one to two points. Bear accounts were hurriedly closed and a new bull position was created in 3½ per cent. Paper which advanced to as high as Rs. 86-2 on July 20. 5 per cent. 1945-55 loan improved to Rs. 113-1 and 5½ per cent. 1938-40 loan to Rs. 107-14. 4 per cent. 1960-70 loan was quoted at Rs. 98-6 and 3½ per cent. new rupee loan gained to Rs. 94-14.

Firmer tone manifest and prices advance.

Prices react on profit taking.

At the higher level there was a tendency to realise profit and 3½ per cent. Paper declined from Rs. 86-2 to Rs. 84-9 and 3½ per cent. new loan from Rs. 94-14 to Rs. 94-8. All other scrips moved sympathetically.

Tone remains steady.

During the remainder of July and upto mid-August the tone of the market was steady and prices advanced gradually, but the turnover on speculative account was comparatively small. Investment demand, however, continued, 3½ per cent. Paper rising to Rs. 85-12 on August 4. All other issues were well maintained at previous levels.

Difficulties on Bombay Stock Exchange.

The August settlement on the Stock Exchange did not have a smooth passage owing to the failure of one of the bull operators and this had its reaction on the security market, which, however, proved temporary and prices improved again. The local monetary situation did not warrant a fall in security values and investment demand was continuous. 3½ per cent. Paper after suffering a set-back of a rupee to Rs. 84-9 (August 17) improved towards the close and early in September. 3½ per cent. Paper advanced to Rs. 85-12 with minor fluctuations from day to day. 3½ per cent. new loan improved from Rs. 94-9 to Rs. 95-1 and 4 per cent. 1960-70 loan from Rs. 97-9 to Rs. 98-10.

Rumours of discontinuance of forward trading in gilt-edged cause prices to fall.

At this juncture rumours were afloat in the market that the Stock Exchange authorities were contemplating the discontinuance of forward dealings in securities and there was a natural tendency on the part of speculators in 3½ per cent. Paper to realise profits. Furthermore difficulties continued on the Stock Exchange in connection with the share settlement. On top of that there was the revival of loose talk regarding a change in the rupee ratio and all the factors combined caused a decline in the security values. By the end of September 3½ per cent. Paper dropped to Rs. 83-6 (September 23), but reacting to Rs. 84-4 closed at Rs. 83-13. 4 per cent. 1960-70 loan after easing to Rs. 97-15 finished at Rs. 98-6. All other scrips suffered likewise.

The sagging tendency continued all through October and upto the first week in November. The turnover was comparatively small during this period except in short term bonds, which were in small demand; 5½ per cent. 1938-40 loan moved between Rs. 107-11 and Rs. 107-7, but 3½ per cent. Paper declined to Rs. 81-15 on November 1, and 3½ per cent. new loan to Rs. 92-5.

Sagging tendency continues.

On November 7, Government of India issued a communique announcing the issue in London of a new 3½ per cent. India sterling stock for £10 million due at par in 1954-59, the issue price being 97 per cent. Subscriptions were to be received in India and the list was to be opened and closed on the 9th. The loan was in replacement of £10,000,000 India 6 per cent. Bonds due 1933-34.

Another India Sterling loan issued.

The new loan was favourably received in this market. The terms obtained by the Government of India for their borrowing in London for a period of 21-25 years at an yield per cent. of 3⅝ per cent., were considered highly satisfactory. Furthermore this borrowing was expected to strengthen the sterling assets of the Government of India as they had not been able to buy any sterling for several weeks past.

New Loan favourably received.

The loan was oversubscribed immediately the list was opened and this proved conclusively that India's credit in the London market remained high and that there was confidence in the soundness of her financial position.

Loan oversubscribed.

The success of the loan had a salutary effect locally and there was a general rise in quotations. The market once again resumed activity with a large turnover on speculative account. 3½ per cent. Paper rose sharply from Rs. 81-15 to Rs. 83-14 and 3½ per cent. new rupee loan advanced a rupee from Rs. 92-5 to Rs. 93-4. 4 per cent. 1960-70 loan was quoted at Rs. 98-9 and 5 per cent. 1945-55 loan at Rs. 114-1.

Salutary effect on local market.

The bullish sentiment, however, proved short-lived since despite the fact that the new sterling loan was immediately over-subscribed, applicants receiving only 52 per cent., dealing in this loan started at a small discount which very soon rose to 1½ per cent.

Bullish sentiment short-lived.

This created a nervous feeling in the market and there was a sharp decline in the price of 3½ per cent. Paper to Rs. 81-6 on November 23. Other scrips declined also, 3½ per cent. 1947-50 loan to Rs. 92-14 and 4 per cent. 1960-70 loan to Rs. 97-14. In the last week the market ruled dull and quiet with minor changes in prices. 3½ per cent. Paper ranged between Rs. 81-6 and Rs. 82, closing at Rs. 81-11 and 3½ per cent. 1947-50 loan closed at Rs. 93-5.

Market nervous and prices decline sharply.

In the first week of December, prices dropped further with 3½ Paper quoted as low as Rs. 80-10 and 4 per cent. 1960-70 loan to Rs. 97-15 (5th). But turnover in the speculative scrips was not large and investment demand still persisted

Prices drop further.

on a small scale. As a result the market was firmer in the following weeks upto the end of the year with an increased turnover in all scrips. 3½ per cent. Paper rose steadily to Rs. 82-2 (29th) at the close. 3½ per cent. 1947-50 loan gained more than a rupee, closing at Rs. 94-6. 4 per cent. 1960-70 loan found buyers at Rs. 98-8 and all other medium-term loans improved by about half per cent. with buyers predominating. The tone at the close was healthy despite tightness in money and large investment in Treasury bills at higher rates of interest. Lack of export trade was chiefly responsible for this condition in the market.

Reaction sets in and prices advance.

THE RAILWAY BUDGET.

The Railway Budget was presented to the Legislative Assembly by the Commerce Member, Sir Joseph Bhore, on February 18, 1933.

At the outset the Hon. Member pointed out that with the approval of the Finance and Railway Standing Committees certain changes in the maintenance of Railway accounts were introduced, one such change being that interest charges hitherto non-votable were now included in the Demands for Grants. So far, these charges had been merged in the total expenditure on management of Debt in England and met from General Revenues. It was decided that from 1933-34 railway revenues should bear a share of these charges proportionate to the railway debentures or loans appropriated for specific railway purposes.

The Commerce Member stated that the Budget estimates for 1932-33 had worsened mainly due to a fall in traffic earnings. The total net receipts showed a loss of Rs. 2½ crores from the Budget estimate to Rs. 86.20 crores and the total expenditure was revised to Rs. 94.30 crores. On balance the year 1932-33 was expected to show a loss of Rs. 7.32 crores. Adding the loss on strategic lines of Rs. 2 crores the total loss amounted to Rs. 9.34 crores and this was proposed to be met by a temporary loan from the Depreciation Fund. Additional withdrawals of Rs. 5.60 crores were to be made from this fund to meet cost of renewals and replacements, and the outstanding balance at the end of the financial year 1932-33 to the credit of this fund would be Rs. 13.68 crores.

During the Budget year, 1933-34 receipts from commercial lines were estimated at Rs. 87.84 crores, *i.e.*, 1¾ crores more than 1932-33's revised figure, because of an anticipation of increase in traffic receipts. The working expenses are expected to be Rs. 24 lacs more than last year due to the reduction by half of the emergency cut in salaries. The total charges including depreciation of Rs. 13.75 crores will amount to Rs. 93.64 crores leaving a deficit of Rs. 5.80 crores. The almost fixed loss of Rs. 2 crores on strategic lines will bring the total deficit to Rs. 7.77 crores, which will be met from the Depreciation Fund as also Rs. 5.95 crores for renewals and replacements. The net balance at the end of the Budget year in this fund would thus amount to Rs. 13.71 crores. But for temporary exigencies compelling borrowings of Rs. 21.36 crores from this fund the closing balance at the end of 1933-34 should have been Rs. 35.07 crores.

Regarding contribution to the General Revenues, the hitherto adopted method of basing these figures on the sterling capital at the exchange of 1*s.* 4*d.* will be replaced and reckoned at

1*s.* 6*d.* from 1933-34. Also the capital contributed by the companies would be excluded from the capital at charge on which railways were expected to pay a contribution of 1 per cent. The result of these changes was that the capital at charge at the end of 1931-32 on which the contribution for 1933-34 was calculated would be reduced from Rs. 742 to Rs. 724 lacs.

The new capital expenditure programme for 1933-34, after completing the existing commitments, provided only for bare essentials; no new lines were to be undertaken. Only Rs. 32 lacs were provided for completing the lines already begun. Apart from strengthening a few bridges which had to be undertaken, the only important expenditure was the purchase of about 2,500 wagons in replacement of those which had been found uneconomical to maintain and the sum provided for such purchase was about Rs. 90 lacs.

In conclusion the Hon. Member pointed out that the net result of the working during the last ten years since separation from General Revenues, showed a total surplus of Rs. 21 crores. He further stated that "Like all others railways all the world over, Indian railways are also passing through a period of almost unprecedented difficulty due largely to world causes. They have suffered considerably from causes which are common to all the railways, but they are not the only sufferers, nor indeed the worst sufferer. A careful analysis of the position will reveal the fact that there is nothing radically wrong in it."

The following figures of the review of results from 1924-25 to 1933-34 will be of interest.

(In crores of rupees.)

—	Mileage open.	Gross traffic receipt.	Ordy. working expenses	Appropriation to Depreciation Fund.	Net revenues.	Interest charges.	Surplus.	Contributions to General Revenues.	Transferred to Railway Reserve.	Borrowed from Dep. Fund.
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1924–25	27324	100.13	51.65	10.35	37.06	23.90	13.16	6.78	6.38	..
25–26	27430	98.94	52.99	10.67	34.09	24.81	9.28	5.49	3.79	..
26–27	28004	98.42	52.89	10.89	33.37	25.87	7.50	6.01	1.49	..
27–28	28426	103.43	53.06	11.38	38.12	27.27	10.85	6.28	4.57	..
28–29	29451	103.72	54.21	22.00	37.14	29.33	7.81	5.23	2.58	..
29–30	31218	102.70	55.59	12.59	34.50	30.46	4.04	6.12	— 2.08	..
30–31	31489	95.10	54.39	13.67	27.53	32.72	—5.19	5.74	—10.93	..
31–32	31709	86.63	49.31	13.46	23.87	33.07	—9.20	..	— 4.95	—4.25
32–33	31819	86.50	49.10	13.75	23.60	32.94	—9.34	..	..	—9.34
33–34	31824	88.25	49.35	13.75	25.16	32.93	—7.77	..	..	—7.77

THE BOMBAY BUDGET.

The Bombay Government Budget for the year 1933-34 was presented to the Legislative Council on Saturday the 18th February by the Hon. Sir Gulam Hussein Hidayatullah, K.C.S.I.

At the outset the Finance Member pointed out that the deficit of Rs. 59 lacs budgetted for 1932-33 had shown a betterment and was revised to Rs. 27 lacs as a result of various retrenchment efforts, the total receipts being Rs. 14.75 crores and expenditure Rs. 15.02 crores. The year 1933-34 was budgetted to end with a loss of 35 lacs, the total receipts being estimated at Rs. 14.86 crores and expenditure at Rs. 15.21 crores. The deficit was calculated on the assumption that

the emergency taxation measures included in the last year's Finance Act would be renewed. Fresh taxation on Tobacco estimated to yield about Rs. 4 lacs, if approved by the Council, would reduce the deficit to Rs. 31 lacs. The revenue estimates for 1933-34 provided for no debt payment to the Central Government from which the benefit would be Rs. 13 lacs in the revenue budget and Rs. 20 lacs under capital heads. Expenditure during the same year has swollen by unavoidable increases of Rs. 1½ lacs under the head reforms, Rs. 8 lacs in debt charges, Rs. 8 lacs in pensions Rs. 2 lacs under repairs to roads and buildings, Rs. 12 lacs under irrigation, Rs. 14¼ lacs in reduction of emergency pay cut from 10 to 5 per cent. and Rs. 7 lacs for primary education and Village Panchayats.

The Finance Member stated in regard to the report of the Reorganisation Committee that Government had issued orders giving effect to various recommendations involving a saving of about Rs. 28 lacs in an year. Other recommendations were still engaging the attention of the Government.

THE GENERAL BUDGET.

The General Budget was introduced in the Legislative Assembly by the Hon'ble Sir George Schuster, Finance Member, on February 28, 1933.

The Hon. Member prefaced his speech by stating that the emergency plan outlined in September 1931 had worked satisfactorily in producing budget equilibrium for the two years, 1931-32 and 1932-33. The accounts for the year 1931-32 were better by Rs. 2 crores and the deficit amounted to Rs. 11.75 crores against the revised estimate of Rs. 13.66 crores, after providing nearly Rs. 6.89 crores for reduction of debt. For the year 1932-33 the revised figures indicated that the budget forecast of a surplus of Rs. 215 lacs had almost materialised, the exact figure being Rs. 217 lacs after providing Rs. 6.84 crores for debt avoidance. The combined result of the two years thus left a deficit of Rs. 9.58 crores including a provision of Rs. 13.73 crores towards reduction of debt. On the whole in two most difficult years for public finance, Government were able to provide a net sum of Rs. 415 lacs for the Reduction of Debt which itself justified the great improvement in the credit of the Government of India.

Referring to the economic position the Finance Member stated that during the year 1932-33 the monsoon was fairly normal for India as a whole. But India's trade and purchasing power had not yet improved; the demand for commodities touched still lower depths; general price levels after an initial rise fell towards the end of the period. After giving detailed figures of various items of exports and imports, the Hon. Member concluded that industry had stood up fairly well in certain fields—sugar and textile—there had been expansion in spite of the world slump and consumption figures of necessities for the masses were maintained in spite of low purchasing power; but the consumption of precious metals had fallen appreciably. Though exports had declined, there had been no piling up of unmanageable stocks, which are a source of weakness to the country that holds them and a menace to the rest of the world. There had been restrictions and adjustments in production without at the same time causing hardship to wage-earners.

After dealing at some length with the factors that caused revenue declines in spite of increased duties, the Finance Member stated that estimates for 1933-34 were based on the assumption that

the current conditions would continue and India would maintain the same purchasing power for commodities imported from abroad. Customs revenues were estimated at Rs. 51.24 crores as against the revised figure of Rs. 52.28 crores for 1932-33. Taxes from incomes were estimated at Rs. 17.70—same as last year—to which must be added Rs. 53 lacs representing taxes on official salaries which owing to the 10 per cent. cut were exempt from this tax. The total estimate was therefore Rs. 18.23 crores.

Revenue from salt was expected to yield Rs. 7.58 crores as against the revised figure of Rs. 9.23 crores for 1932-33. Under the head "Service of Debt and Finance Heads" it was revealed that the Treasury bills held by the public and in the Paper Currency Reserve were reduced by nearly 34 crores thereby strengthening Government's position. Under "Currency and Mint" there was a net reduction of Rs. 61 lacs. Posts and Telegraphs would show a loss of Rs. 57 lacs as against Rs. 48 lacs in 1932-33.

On the expenditure side Civil estimates for 1933-34 were put at Rs. 20.53 crores and Military expenses at Rs. 46.20 crores as against Rs. 20.65 crores and Rs. 46.74 crores budgetted for 1932-33. The combined expenditure is therefore Rs. 66.73 crores, a reduction of Rs. 90 lacs under last year in spite of an increase of Rs. 80½ lacs due to reduction of cut in pay to 5 per cent.

Deteriorations and improvements under various heads of revenue and expenditure result in the following figures :—

	1933-34.	1932-33.	
	Budget.	Budget.	Revised.
Revenue	Rs. 124.52 crores	129.96 crores	127.13 crores
Expenditure ..	Rs. 124.10 crores	127.81 crores	124.96 crores
	Rs. +.42 crores	+2.15 crores	+2.17 crores

After explaining at length Government's position regarding the salary cut, the Finance Member stated that though the position was sound, and their plans had proved equal to the emergency and budgetary equilibrium was restored, the future was still dark with uncertainty and no budgetary estimates could be framed on mere hopes. The present conditions therefore were to remain unaltered with no remission of taxation. He explained why the import duty on silver and sugar could not be reduced in spite of the operation of the law of diminishing returns, and also stated that three minor proposals for taxation were included in the Finance Bill. (1) A minimum specific duty at half the rates applicable to complete boots and shoes to be levied on uppers for boots and shoes. (2) The existing import duty of 34⅜ per cent. on artificial silk and mixtures to be replaced by a duty of 4 annas a square yard for pure goods and 2¼ annas for mixtures. (3) Stamp duty to be reimposed on cheques from July 1, 1933 for a period of 3 years.

Dealing with the Ways and Means position the Finance Member pointed out that the year 1932-33 witnessed a sensational improvement in India's credit both in England and locally which enabled Government to fund large amount of loan commitments and strengthen the currency reserves. The large purchases of sterling besides enabling Government to meet requirements of the Home Treasury, as well as repayment of maturing sterling loans, caused the substitution of

sterling securities for Treasury Bills, thus reducing the latter to Rs. 14.39 crores in 1932. With the success of the conversion operations and the repayment of Ways and Means advances, Government were able during the last year to fund immediate liabilities to the large amount of Rs. 121 crores as compared with the budget estimate of Rs. 34 crores. The bulk of this had been converted into regular loans maturing from 8 to 37 years.

Regarding capital expenditure for 1933-34 provision had been made for Rs. 330 lacs on Railways and Rs. 424 lacs for loans to Provincial Governments. The borrowing programme for the year is a modest one requiring not more than Rs. 4 crores, depending upon the result of the conversion loan. If conditions are favourable a larger sterling loan might be floated and proceeds used to strengthen the sterling resources or to pay the £10 million 6% 1933-34 bonds. Sterling purchases for 1933-34 were tentatively put at £21 million assuming that a sterling loan for £6 million would be floated.

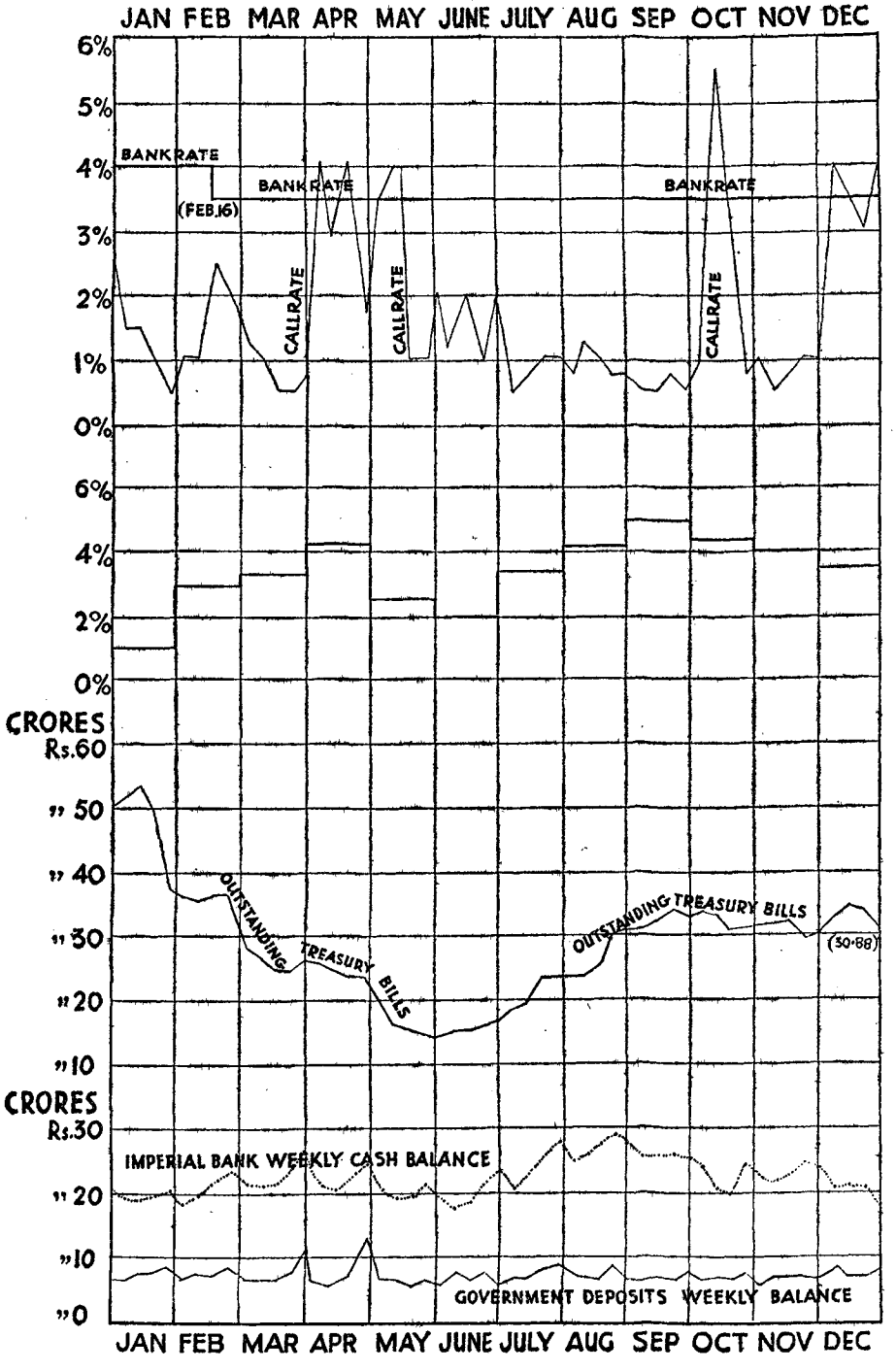
In the matter of future policy regarding conversion schemes and funding operations, the Finance Member stated that no precise plan could be announced. The process should be gradual looking not merely to the immediate but to the distant future. The new Constitution should be free from embarrassment and particularly the position should be consolidated so as to make it possible to start a Reserve Bank on sound foundations.

Reviewing, in conclusion, the field of finance, the Hon. Member stated that the outstanding features of the year 1932-33 were the re-establishment of budget equilibrium, the great improvement in Government credit which had completely transformed the market for Government Securities and lastly the creation of cheap money conditions. Since September 1931 the position had improved phenomenally. 3½ per cent. Paper which stood at about Rs. 53 advanced to about Rs. 82. 3½ per cent. Sterling securities which stood at about £46 were quoted at about £89. The bank rate which stood at 8 per cent. was reduced to 3½ per cent. The floating debt then was Rs. 89 crores and was reduced to Rs. 35 crores. An era of cheap money had been maintained along with improvement in Government credit, both of which were possible on the maintenance of a sound budgetary position. It was vitally important in the interests of commerce and industry to maintain both these conditions of high credit and cheap money.

Although the Budget lacked the usual interest from the public point of view, it was nonetheless a good budget inasmuch as current expenditure was being met out of current revenues and no fresh taxation had been proposed. There is, however, general disappointment among the investing public since, while income on gilt-edged securities had been reduced substantially, no relief had been afforded to them through a reduction of income tax.

The proposal to re-introduce stamp duty on cheques was much resented by business men. The cheque habit has not made rapid progress not because of the illiteracy of the people as had been suggested, but because cheque accounts were made difficult to operate owing to the insistence on the part of banks that signatures should be in English. If signatures in vernacular were allowed, probably the cheque habit would grow. The Assembly refused to agree to the Stamp duty and Government acquiesced in its decision.

MONEY AND GOVERNMENT SECURITY, CHART, 1933.



NOTE :—The above represents Outstanding Weekly Balances of Treasury Bills, Cash Balance of the Imperial Bank and Public Deposits :

———Represents the monthly average rise or fall in per cent. from the opening rates of the year on all Govt. Securities taken at their face value of Rs. 100/-.

STERLING EXCHANGE.

January	.. Sterling exchange rates firm—sellers of ready T.T. at 1*s.*/6-5/32*d.* and buyers at 1*s.*/6-7/32*d.*
	Government bought large sterling remittances.
„ last week	.. No tenders of sterling to Government at 1*s.*/6-5/32*d.* All lower tenders rejected.
February 1st week ..	.. Small tenders at 1*s.*/6-5/32*d.* received by Government.
March 1st week ..	.. Market developed weakness and no tenders of sterling to Government.
„ 3rd week ..	.. Small tenders accepted by Government at 1*s.*/6-3/32*d.* and tap rate lowered to the same level.
„ last week ..	.. Government accepted tenders at 1*s.*/6-1/16*d.*
April last week	.. No tenders to Government at 1*s.*/6-1/16*d.*
May	.. Sterling ruled firm.
„ last week ..	.. Tenders to Government at 1*s.*/6-1/16*d.* were smaller.
June to August ..	.. Sterling Exchange remained steady with sellers of ready T.T. at 1s./6-1/32*d.* and buyers at 1s./6-3/32*d.* Government bought almost £1 million a week.
September	.. Sterling Exchange was quiet on false rumours of impending change in rupee sterling ratio from 1/6*d.* to 1/4*d.*
	Large speculative purchases were made.
	Government unable to buy sterling remittances.
September 3rd week	.. Finance Member and Finance Secretary's assurance in the Legislative Assembly of continuance of existing policy *re* : rupee ratio.
	Government were able to buy small remittances at 1s./6-1/16*d.*
October 2nd week to Nov. ..	Renewed rumours *re* : change in rupee sterling ratio caused weakness in the market. Forward rates were nominal.
	Currency League formed.
	Speculative purchases resumed on large scale.
	Government were unable to buy sterling.
December	.. Confidence revived and rates firmed.
	Government were able to buy sterling remittances again.
„ 22	.. Reserve Bank Bill passed in the Legislative Assembly.

STERLING EXCHANGE.

Sterling exchange opens firm.

Sterling exchange was very firm at the opening and Government were the only good buyers of ready T. T. at 1*s*.. 6-3/16*d*. The general quotation for sellers was 1*s*. 6-5/32*d*. and for buyers 1*s*. 6-7/32*d*. Forward positions were also very steady, sellers of January/February T.T. quoting 1*s*. 6-5/32*d*., March 1*s*. 6-1/8*d*. and April 1*s*. 6-3/32*d*.

Government receives large tenders.

However, gold which was the mainstay of the Exchange market was arriving in smaller quantities and its export was diminishing. Merchandise export bills on the other hand were very small. As a consequence the rupee sterling exchange was a little quieter in the second week of January with good buyers of ready T.T. at 1*s*. 6-3/16*d*. and a few sellers over 1*s*. 6-5/32*d*. Tenders to Government for the sale of sterling amounted to over £48 million at 1*s*. 6-5/32*d*. in the first week but dropped to £14 million in the second. Forward rates were lower in proportion, March being quoted at 1*s*. 6-3/32*d*. and April 1*s*. 6-1/16*d*.

Sterling exchange becomes quieter.

The quiet tone continued, so much so that in the last week of January Government received no tenders at 1*s*. 6-5/32*d*. but they rejected all lower tenders. This infused a little strength in the market and fresh sales of gold for export also showed some improvement. Merchandise bills, however, continued unimportant. Accordingly early in February ready T.T. was again quoted at 1*s*. 6-1/8*d*. for sellers and 1*s*. 6-5/32*d*. for buyers. Government received tenders for £200,000 at 1*s*. 6-5/32*d*. which they accepted rejecting lower ones. Market remained steady during the following two weeks, but in the latter part of February, sales of gold once again fell off and the rupee sterling exchange was quieter. Ready T. T. was quoted at 1*s*. 6-3/32*d*. for sellers and 1*s*. 6-5/32*d*. for buyers, and no tenders were made to Government at 1*s*. 6-5/32*d*. who rejected all lower tenders.

Weakness develops in the market.

In the first week of March sudden weakness developed as there were no fresh sales of gold for export and apprehensions were entertained that this was likely to continue. Merchandise export bills were also negligible. As a result, ready T.T. dropped from 1*s*. 6-3/32*d*. to 1*s*. 5-29/32*d*. (March 7), but reacted to 1*s*. 5-15/16*d*. Forward rates eased proportionately.

Market becomes steady again.

In the succeeding week market became steadier following the placing of some merchandise export bills as well as small bills for export of gold. Ready T.T. was available at 1*s*. 6*d*., but there were no tenders of sterling to Government.

Government accepts lower rate tenders.

In the following week Government accepted £25,000 sterling at 1*s*. 6-3/32*d*. and reduced the rate for purchases on tap from 1*s*. 6-3/16*d*. to 1*s*. 6-3/32*d*. The reduction was justified at this time of the year, particularly as Government had not been able to buy remittances for the previous four weeks. This reduction was not likely to weaken the market, but on the contrary was expected to help exports. Actually merchandise export bills were placed in larger volume though fresh business in connection with the export of gold was restricted.

As was expected sterling exchange was steadier in the last week of March with sellers of ready T. T. quoted at 1*s.* 6-1/32*d.* and buyers at 1*s.* 6-3/32*d.* with occasional business transacted at 1*s.* 6-1/16*d.* Government were able to buy £150,000 at 1*s.* 6-3/32*d.* and more than 3.33 million were tendered to them at 1*s.* 6-1/16*d.*, 25 per cent. of which were accepted by Government.

Market remains steady.

Throughout April sterling exchange market continued steady with sellers of ready T. T. at 1*s.* 6-1/32*d.* and buyers at 1*s.* 6-3/32*d.*, though business was placed every day at 1*s.* 6-1/16*d.* Government bought £1 million sterling each of the first two weeks at 1*s.* 6-1/16*d.*, but applications were smaller in the third week and nil in the last week. Government, however, did not accept any tenders lower than 1*s.* 6-1/16*d.*

Large fresh business in gold.

At this juncture very large fresh business became possible for the export of gold and as a result sterling exchange was firm once again with sellers of ready T.T. at 1*s.* 6-1/16*d.* and no buyers under 1*s.* 6-3/32*d.* Government received large tenders exceeding £7 million, allotting only 13 per cent.

Firm tone prevails.

For three weeks in May, sterling exchange ruled firm and Government were able to buy small amounts of sterling at 1*s.* 6-3/32*d.* while tenders at 1*s.* 6-1/16*d.* were considerable, Government allotting only a very small percentage. Sellers of ready T.T. during this period quoted 1*s.* 6-1/16*d.* with buyers at 1*s.* 6-3/32*d.* Forward deliveries were also firm, May to August being available at 1*s.* 6-1/32*d.*

Gold exports shrink and sterling market temporarily quiet.

Towards the end of May the market became somewhat quieter as gold exports shrank once again, but merchandise export bills, particularly in Calcutta checked any serious fall in rates, ready T. T. being still available at 1*s.* 6-1/32*d.* Tenders to Government at 1*s.* 6-1/16*d.* were, however, small and Government bought only £385,000 though in the previous two weeks tenderers received only $2\frac{2}{3}$ and $1\frac{3}{4}$ per cent. allotment.

Rates improve.

This quietness proved temporary since banks were able to buy large quantity of gold for export again and furthermore merchandise export bills in outside markets were growing in volume. There were no buyers of ready T.T. at lower than 1*s.* 6-3/32*d.* in early June and Government bought £1 million at 1*s.* 6-1/16*d.* in the first week.

Steady conditions continue.

Throughout June the market remained steady, though somewhat quieter feeling prevailed towards the end. Sellers of ready T.T. quoted 1*s.* 6-1/32*d.* throughout with buyers at 1*s.* 6-3/32*d.* and business was occasionally placed at the middle rate. Government were able to buy a large amount of sterling every week at 1*s.* 6-1/16*d.* The mainstay of the market during this period was the export of gold, merchandise bills just offseting the inquiry for remittances.

Rates unchanged.

Throughout July and August quotation for rupee sterling was practically unchanged with sellers of ready T.T. at 1*s.* 6-1/32*d.* and buyers at 1*s.* 6-3/32*d.*, business being occasionally placed at 1*s.* 6-1/16*d.* The turnover in ready, however, was comparatively small, business for export of gold being largely confined to 2 to 3 months forward shipments. Merchandise export bills were still small particularly in the local market, but Government were able to buy sterling every week at 1*s.* 6-1/16*d.*, often times the full one million sterling.

Sterling exchange assumes quieter tone on revival of ratio controversy.

In the early part of September, sterling exchange assumed a quieter tone owing to the relative smallness of fresh business in gold exports and furthermore rumours became current at this juncture that the Government of India were contemplating a change in the rupee sterling ratio from 1*s*. 6*d*. to 1*s*. 4*d*. coinciding with the introduction of the Reserve Bank Bill in the Legislative Assembly. Some speculative purchases were made for forward deliveries and as the cover through export of gold was deficient, the quotations weakened, ready T.T. being quoted 1*s*. 5-31/32*d*. in the second week. There were buyers at 1*s*. 6*d*. for all deliveries. Government were unable to buy any sterling during this period.

Finance Member's statement re : ratio.

The Hon'ble the Finance Member made a statement in the Assembly in the third week of September that no change in the rupee ratio was contemplated and the Hon'ble Mr. J. B. Taylor, the Finance Secretary, while replying to the debate on the Reserve Bank Bill said that "the present strong position of India in credit was largely due to the stern policy of the Government for the past ten years. No Central Bank in the world was allowed to meddle with the exchange of the country. That was entirely the concern of the executive. Government did not consider that the ratio issue arose out of this joint committee motion at all. It would be lunacy to consider any policy of ratio at present."

Fears of change in ratio allayed; exchange rates steadier.

These statements allayed the fears entertained regarding a change in the ratio and speculative purchases were comparatively small. In addition a large volume of fresh business was transacted for the export of gold both for spot and forward deliveries. As a consequence rates firmed immediately, ready T.T. becoming available once again at 1*s*. 6-1/32*d*. with few buyers at 1*s*. 6-1/16*d*. Government were able to buy £80,000 sterling at 1*s*. 6-1/16*d*. In the two succeeding weeks (last week of September and first week of October) sterling exchange was very steady, since cover against the export of gold was abundant, while remittance enquiry was negligible. Speculative purchases had died down and Government were able to buy a fair amount of sterling remittances at 1*s*. 6-1/16*d*.

Renewed rumours re : ratio.

However, in the second week of October there were renewed rumours in connection with the change in the rupee sterling ratio. The Currency League which had been then formed was carrying on a wide propaganda throughout the country for a change in the value of the rupee and the Bombay market was their stronghold, where speculative purchases were once again resumed on a large scale. Gold was also being held up with a view to profit in the event of a change in the ratio and the market was deprived of the only cover which had served to be the mainstay during the past two years. The quotation for ready T. T. declined to 1*s*. 6*d*. while forward was particularly weak, business having been done for May-June at 1*s*. 5-15/16*d*.

Gold held up.

Monetary situation causes steadiness in exchange.

The monetary situation, however, came to the rescue in mid-October when owing to the failure of Currimbhoy Ebrahim & Sons, Ltd., there was a rush to withdraw funds from banks on certain false rumours, with the result that call loans were quoted as high as even 5 per cent. This caused ready T. T. to be

quoted at 1*s.* 6-1/32*d.* again with few buyers under 1*s.* 6-1/16*d.* Government were also able to buy a fair amount of sterling at the tap rate.

Money becomes easier and exchange quieter.

In the succeeding week, money was easy, banks having been able to meet the large withdrawals with ease which, coupled with the absence of fresh business for the export of gold and other merchandise, and large speculative demand for forward sterling, caused rates to decline, ready T. T. being quoted at 1*s.* 5-15/16*d.* Business was transacted for delivery May/June at 1*s.* 5-27/32*d.* Advices from Calcutta, however, were steadier, where ready T. T. was still available at 1*s.* 6*d.* and May/June delivery at 1*s.* 5-29/32*d.*, but Government received no tenders for sterling in the last week of October.

Gold exports diminish and rupee sterling exchange weakens on speculative purchases.

Not only was gold being held up, but the premium widened from day to day, until the foreign interests who had a large overbought position in the local market, began to realise as it was much to their benefit. These resales of gold caused corresponding purchases of sterling and with speculative inquiry for forward deliveries increasing, sterling exchange became easier. Quotation for ready T. T. declined to 1*s.* 5-27/32*d.* by mid-November and forward deliveries were difficult to buy, most of the banks not selling without cover. The premium on gold widened to a level that made imports of gold, even though small, possible from abroad for the first time since the abandonment of gold standard in 1931. This, however, could be but a temporary phase, since there was no genuine demand for gold in the country and the transactions were in the nature of a mere "arbitrage." Ready T. T. was down further to 1*s.* 5-25/32*d.* for sellers, buyers quoting 1*s.* 5-27/32*d.* Forward rates were nominal with May/June standing at 1*s.* 5¾*d.*, even under Government selling rate for ready T. T., *viz.*, 1*s.* 5-49/64*d.* Speculators were still active and their demand was only partly satisfied owing to the unwillingness of the bankers to sell any further large blocks for speculative account. The hints thrown out by Government from time to time in the Assembly that a change in the rupee ratio was unthinkable at this juncture, was not sufficient to deter speculators and propogandists from pursuing their policy and in the absence of fresh business for export of gold, sterling exchange rates remained easy upto almost the end of December, ready T. T. being quoted at 1*s.* 5-25/32*d.*

Forward rates nominal.

Government maintains same policy re : ratio.

By this time the premium on gold got much narrower and in anticipation of fresh business in export of gold transpiring, sterling exchange showed signs of steadying. Furthermore the Hon'ble Sir George Schuster, while introducing the Reserve Bank Bill in the Assembly as amended by the Select Committee, indicated that a change in the rupee ratio was not likely at all and a statement was made to the same effect by the Secretary of State in Parliament in reply to a question on this subject. This revived confidence in the sterling exchange market and rates improved, sellers of ready T. T. quoting 1*s.* 5-15/16*d.* with buyers at 1*s.* 5-31/32*d.*, by the beginning of December. Forward rates were also firmer, May/June being quoted at 1*s.* 5-13/16*d.* Government naturally were unable to buy any sterling throughout November.

Confidence in rupee revives.

Rates improve.

Throughout December sterling exchange remained firm due partly to monetary situation and partly to fresh business having been transacted in gold for export, particularly for forward deliveries. Furthermore speculative demand for remittances had subsided and in fact there was a tendency to unload some of the merchandise export bills that had been held up with a view to take advantage of a change in the rupee ratio if it came. Sellers of ready quoted 1*s.* 6-1/32*d.* with no buyers under 1*s.* 6-5/64*d.* Forward positions were also strong, there being sellers for January-February at 1*s.* 6-1/32*d.*, March/April at 1*s.* 6*d.* and May/June at 1*s.* 5-31/32*d.* In the last week the Reserve Bank Bill was passed in the Legislative Assembly with minor alterations and clauses 40 and 41 dealing with the rupee ratio remained unchanged, providing for the continuance of 18*d.* ratio. This created more confidence in the rupee sterling exchange and speculative activity which had already subsided almost ceased now.

Rates continue firm.

Reserve Bank Bill passed.

GOVERNMENT REMITTANCES.

Since the opening of the year Government were inviting weekly tenders for the purchase of sterling to the extent of £ 1 million and were in addition buying on tap.

Weekly tenders invited.

The tenders were very large at the outset and Government allotted only a small percentage. In the opening week, tenders to the amount of £ 48,900,000 at 1*s.* 6-5/32*d.* were received and allotment percentage was only 2. Government had accumulated in London very large sterling balances and accordingly transferred £ 5 million from the Home Treasury to the Gold Standard Reserve in England during the first week of January against a corresponding transfer of gold earmarked in India from the Gold Standard Reserve to the Paper Currency Reserve.

Tenders very large at outset.

Large Sterling Balances accumulated by Government.

The tenders in the following three weeks at 1*s.* 6-5/32*d.* shrank considerably, so much so that in the last week, these amounted to only £200,000, which were allotted in full, all lower tenders being rejected.

Tenders shrink.

Total purchases during January by tender and on tap aggregated £3,754,000 and the total since April 1932 to £33,328,000 of which £13,035,000 had been transferred to reserves.

Tenders at 1*s.* 6-5/32*d.* were small in the first week of February also but in the second week sterling exchange was steadier on a fair amount of fresh business in gold having been transacted. Government received tenders to the extent of £1,510,000 of which they allotted 66 per cent.

Tenders increase following fresh gold business.

In the following week business in gold was slack again and Government received no tenders at 1*s.* 6-5/32*d.*, but rejected all lower tenders.

Sterling exchange ruled quiet throughout March and no tenders were received by Government until the third week, when they accepted a small amount of £25,000 at 1*s.* 6-3/32*d. i.e.* 1/16*d.* under the opening rate. In the last week tenders at 1*s.* 6-3/32*d.* increased to £150,000 but £3.33 million were received at 1*s.* 6-1/16*d.* of which 25 per cent. were allotted, making a total of 1 million sterling for the week.

Sterling exchange quieter.

Total remittances during the first quarter aggregated £6,159,000 including purchases on tap and during the fiscal year 1932-33 to £35,733,000 of which £13,035,000 were transferred to reserves.

Total Remittances in first quarter.

During the first three weeks in April Government bought £2,528,000 at 1*s.* 6-1/16*d.* but in the last week there were no tenders at the rate, all lower ones being rejected. Early in May, however, large business transpired in gold—the only source of cover to the market for their sales to Government and sterling exchange was firm again. Government received over £7 million tenders at 1*s.* 6-1/16*d.* allotting only 13 per cent.

Government buys large blocks of sterling.

It was also true that barring Government, there were no good buyers of sterling remittances and hence tenders were generally larger than the actual volume of business warranted with a view to securing fair proportion.

In the 2nd and 3rd week of May a small percentage of tenders was at 1*s.* 6-3/32*d.*, tenders at 1*s.* 6-1/16*d.* being considerable of which only a small amount was allotted. There were no tenders at 1*s.* 6-3/32*d.* during the latter part, but 1*s.* 6-1/16*d.* was still available and the total purchases made by Government during the month amounted to £4,935,000.

From June to August sterling exchange was uniformly steady and Government bought, barring a few occasions when tenders were smaller, £1 million sterling every week. The total purchases during this period aggregated £9,795,000 and since the beginning of the fiscal year £17,398,000. Gold was the main source of supply, though merchandise export bills were also placed in increasing quantity particularly against jute exports.

Government buys continuously.

Early in September, sterling exchange rates were somewhat easier owing to speculative purchases for forward, with a view to benefit in the event of a change in the rupee ratio from 1*s.* 6*d.* to 1*s.* 4*d.*, the occasion being the introduction of the Reserve Bank Bill in the Legislative Assembly.

Sterling exchange somewhat easier.

Gold was also being held up with the same object in view, but following the statements in the Assembly and the Council of State by Government members that a change in the ratio was unthinkable, the market was steadier again and in the third week Government received tenders to the extent of £80,000 at 1*s.* 6-1/16*d.* Larger amounts were tendered at 1*s.* 6-1/16*d.* in the following three weeks, but by mid-October, speculative activity again revived, coupled with which was the relative absence of fresh business in gold for export purposes.

Rates improve.

From now upto first week in December no sterling was tendered to Government at 1*s.* 6-1/16*d.* and they rejected all lower tenders every week.

No sterling tendered to Government.

The tightness in money during December caused sales of sterling to be made to Government at 1*s.* 6-1/16*d.* despite comparatively small business in gold for export for spot delivery. The amounts tendered to Government increased week by week and by the end of the month Government received tenders to the

Tightness in money causes sales of sterling to Government.

extent of £3,775,000 and allotted only 26½ per cent. The total purchases made by Government during the calendar year aggregated £27,900,000 and during the nine months of the fiscal year 1933-34 £21,741,000 against £21 million budgetted for this year's requirements.

Total purchases during the year.

CROSS RATES.

The New York-London and the London-Paris cross rates were steady at the outset, fluctuations being very narrow, the former ranging between $ 3.35 9/16 and $ 3.32 13/16 and the latter between 85.97 and 85.31 to the pound.

Rates fairly stable at the opening.

Towards the end of January, however, the pound sterling tended to appreciate and there were comparatively wide fluctuations in the cross rates throughout February. The dollar moved between 3.39½ and 3.44 9/16, while the franc ranged between 88.03 and 86.40 to the pound.

Pound sterling appreciates.

A banking crisis developed in the United States early in March and the dollar began to depreciate to 3.47 on the 2nd. So far the movements in the dollar and the franc had been almost identical, but from now on these were divorced. The crisis in the United States became so acute that banks in New York were closed by the decree of the President and all dealings in foreign exchanges were suspended. The pound sterling, however, continued to appreciate in terms of the franc being quoted at 88.62 on the 7th March.

Banking crisis in U.S.A.

Pound appreciates further.

The dealings in exchanges remained suspended for a week in New York, but on reopening the dollar was steady at 3.43¼ and after small fluctuations depreciated to 3.47⅜ on the 15th. Transactions, however, continued to be restricted in the New York market.

Dealings in exchanges temporarily suspended in U. S. A.

In the following weeks upto mid-April, fluctuations in the cross rates were comparatively narrow, the dollar ranging between 3.47 and 3.41 and the franc between 87.97 and 86.54 to the pound.

Fluctuations narrow.

In the third week of April, the situation in the United States became serious and there were strong rumours that the country was likely to embark on an inflationist policy. There were frenzied movements in the dollar which shot up as high as 3.90 to the pound on 20th April. The franc rate however moved between 86.57 and 89¼.

Dollar depreciates sharply.

From now on the link between the dollar and the franc in relation to the pound sterling was completely lost and the movements in the dollar which continued to be erratic hardly affected the franc. Although in the early part of May the dollar depreciated further to 3.94 on the 1st, the franc actually improved from the neighbourhood of 86.40 to 83.75 to the pound.

Dollar and franc lose link.

Franc appreciates.

Throughout May the dollar fluctuated widely with a depreciating tendency, while the franc was comparatively stable. The former ranged between 3.86 and 4.03 and the latter between 84.00 and 86.21 to the pound.

Wide fluctuations in dollar.

The depreciation in the dollar continued and after fluctuating erratically from day to day touched 4.40¾ by the end of June. The franc, however, was almost stationary, movements being confined between 85.40 and 86.21 to the pound throughout the month.

Depreciation in dollar continues but franc stable.

The inflationary theory had by this time become deeply rooted in the United States and the dollar continued its downward trend. Speculators were feverishly active despite restrictions on the exchange operations in the United States and by the third week of July, the quotation reached $4.86⅜ to the pound on the 19th July. The Paris-London cross rate, however, moved but narrowly during this period, the highest being 86.28 (1st July) and the lowest 84.68 (11th July).

Feverish speculation in dollar.

Narrow movements in franc.

At this juncture a sharp reaction occurred in the dollar on profit taking as it was generally believed then that the dollar had reached its highest rate, *i.e.*, the old par. From the level of $4.86 it improved to $4.63⅜ on the 22nd and after fluctuating heavily from day to day reached $4.43 on August 1. The Paris-London cross rate, however, appeared to be under control between 84.68 and 85.62 francs to the pound throughout July.

Sharp fluctuations in New York-London cross rate

Paris-London cross rate controlled.

During first half of August movements in the dollar were comparatively narrow ranging between 4.56 and 4.40¾ to the pound, but the depreciating tendency was again manifest towards the close and the dollar reached 4.65½ on the 25th. The franc, however, showed a tendency to appreciate and after remaining at about 84½ for the most part of August closed at 81.25 on 31st, an improvement of nearly 4 points in the course of the month.

Narrow movements in dollar.

Franc appreciates.

Erratic movements in both the dollar and the franc were a feature throughout September and October; while the former began to depreciate once again, the franc continued to appreciate, reaching the highest point of the year, *viz.* 78.59 on October 4. The dollar ranged between 4.52½ at the opening and 4.84¼ on the September 20, while the franc after appreciating to 80 to the pound on the Septr. 4, suffered a set-back to 83.15 on the 12th, but improved towards the first week of October to 78.59. During October the franc tended to depreciate slightly, but was more marked in the last week owing to the approach of the time for the presentation of the French Budget to the Chamber of Deputies. The passage of the Budget was not expected to be smooth as it revealed a heavy deficit and it contained financial proposals which did not meet with the general approval of the French people. Speculators in exchanges now diverted their attention to the franc also and furthermore there was a tendency on the part

Erratic movements in dollars and francs.

Franc depreciates.

of the French people themselves to remit capital abroad. There were strong rumours that France would also have to abandon the Gold Standard and with a view to benefit, there was a heavy short-selling of francs.

Inflation talks continue in U.S.A.

The inflationist theory found more supporters in the United States, and Government pursued the policy of depreciating the dollar by purchasing newly mined gold in the country at rates higher than were ruling in the outside markets. It was also feared that large purchases of gold might be made by the Federal Reserve bank of New York on behalf of the United State's treasury in world markets at the equivalent of their internal buying price. As a consequence, the pound sterling tended to be strong in terms of all currencies, there being a huge movement of funds from all parts, particularly France and U. S. A. to the London market. The dollar touched 5.46¼ to the pound on the 16th November and after fluctuating erratically was quoted at 5.05½ on November 27th. The London-Paris cross rate depreciated continually reaching 84.50 by the end of November.

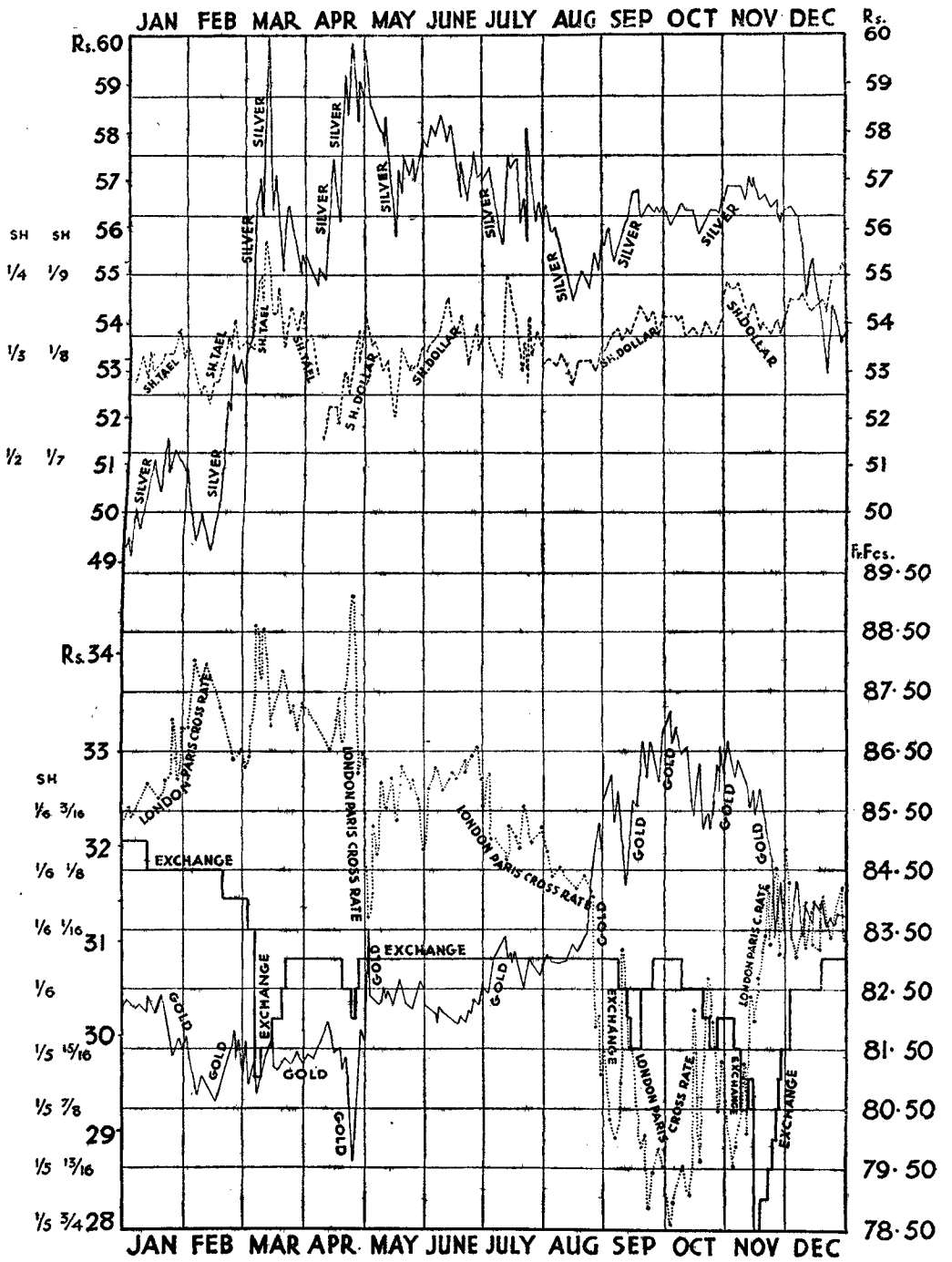
Pound sterling strong against all currencies.

Cross rates move erratically.

During the first fortnight in December the New York-London and Paris-London cross rates moved erratically, the former between 5.19½ and 5.03 and the latter between 83.15 and 84.50, and the tendency was undecided. But during the latter half the movements were comparatively narrow, the dollar ranging between 5.15 and 5.07⅞ and franc between 83.50 and 83.21. The closing quotations were $5.15⅞ and 83.21 respectively.

Movements comparatively narrow.

BULLION AND EXCHANGE CHART, 1933.



GOLD.

January	Market opened quiet with heavy outstanding contracts maturing in first week.
,, 3rd week	Pound sterling appreciated and price of gold fell.
February 2nd week	Prices declined further. Banks bought large quantity for export for forward shipment.
,, 3rd week	Sharp but temporary rally in price of gold occurred.
March-mid-April	Minor fluctuations and fresh business for export restricted. Ready gold commanded ¼% premium and sovereigns 7 to 8 annas premium.
April 2nd half	Erratic movements and large turnover.
May	Local dealers created a big bull position.
June	Stocks accumulated and spot gold went to a small discount.
August 1st half	Market active. Good demand for the metal from Paris and London. Prices advanced.
September 1st half	Wide fluctuations in rates. Business for export was difficult, but there was large interbazar business.
,, 3rd week	Decided upward tendency and prices reached high levels.
,, last week	Wide fluctuations in rates.
October 1st week	Highest price recorded since 1932 reached in all markets. Large fresh business for export was transacted.
,, 2nd week	Local rates ruled above export parity. President Roosevelt's announcement re : gold policy ; impending French Budget and uncertainty re : Rupee sterling ratio accounted for the situation.
November 1st half	Large resales of gold by foreign interests. Local rates fell but still remained above export parity and a small consignment was imported from London.
,, 2nd half	Premium on gold dwindled, but fresh business for export was still impracticable.
December	Narrow fluctuations during the month. Fresh business for export became possible.
	Arrivals from up-country were large during the month augmenting stocks to about 10 to 11 lacs tolas.

GOLD.

Gold rates open easier.

The price of gold was easier at the outset following a steadier New York-London cross rate and the quotation for ready declined from Rs. 30-6-9 to Rs. 30-4-9 per tola on the 5th. There was a proportionate fall in the price of sovereigns from Rs. 19-3 to Rs. 19-1 each. The quotation in the London market dropped from 123*s*.-11*d*. to 123*s*.-1½*d*. per fine ounce. Business, however, was small on account of the holidays and the fact that the Mint was not working for 10 days since Xmas. There were heavy outstanding contracts maturing between the 4th and 11th January and until these were cleared there was little prospect of fresh business in gold for export. The stocks on hand amounted to about 4 lacs tolas and the daily offtake averaged only 2,000 to 3,000 tolas.

Heavy outstanding contracts.

Fluctuations narrow.

Fluctuations in the second week were very narrow, but in the third week following easier dollar and rupee sterling cross rates coupled with smaller arrivals of the metal from up-country, the price of gold improved to Rs. 30-7 on the 20th and the quotation for sovereigns rose sympathetically to Rs. 19-3-0.

Gold price falls.

At this juncture the pound sterling appreciated sharply in terms of gold currencies causing a fall in the sterling and rupee price of gold, the former to 121*s*.-1½*d*. on the 25th and the latter to Rs. 29-12-3 per tola and sovereigns to Rs. 18-12-6 on the same day. A fair volume of fresh business for export was transacted during this period particularly for forward deliveries. Although business in spot gold was small, shipments during this month in fulfilment of outstanding contracts were large aggregating Rs. 4.76 crores. As arrivals from up-country were still small, the stocks on hand were reduced to about 2 lacs tolas at the end of January, while the offtake for trade was unaltered at about 2,000 tolas a day.

Large fresh business in gold for export.

Arrivals from up-country small.

Gold rate declines further.

After minor fluctuations in price during early February the quotation fell further during the second week touching Rs. 29-5 per tola on the 15th. The rate for sovereigns dropped to Rs. 18-6-3 and the price in the London market was quoted at 119*s*.-9½*d*. per ounce. Banks continued to buy gold for export for forward deliveries and the market became heavily oversold for March and April deliveries, most of the sales being of a speculative nature. Arrivals from up-country on the other hand were still restricted and stocks on hand were practically unchanged at about 2½ lacs tolas.

Banks buy gold for forward deliveries.

In the third week of February, however, a sharp but temporary rise occurred in the dollar rate with the result that the price of gold strengthened in the London and local markets. The sterling quotation rose from 120*s*. 5*d*. to 122*s*. per ounce and the rupee price from Rs. 29-6-3 to Rs. 30-1 per tola and from Rs. 18-12 to Rs. 18-15 per sovereign. Local speculators who had been bearing the market, in an anxiety to cover their oversold position, lent additional strength to this market. At the higher level an immediate reaction set in the dollar and the price of gold in London fell to 121*s*. 2*d*. per ounce on the 28th and in our market to Rs. 29-9-9 per tola and Rs. 18-10 per sovereign. Arrivals from up-country showed signs of improvement and March commitments began to be liquidated. Shipments during February aggregated Rs. 4.96 crores.

Sharp rise occurs in gold.

Rise proves temporary.

Throughout March and upto mid-April the gold market ruled steady with minor fluctuations in sympathy with changes in the cross rates. Since the market carried a very large oversold position for these two months, fresh business for export was negligible and in fact some re-sales of the outstanding contracts were effected which tended to ease the situation. Inter-bazaar business however was quite voluminous. Ready gold commanded a premium of about 1/4 per cent. over one month forward settlement throughout this period. The price of ready ranged between Rs. 30-2-3 (April 12) and Rs. 29-6-6 (March 8) per tola and of sovereigns between Rs. 19-5 and Rs. 18-10, while the quotation in London fluctuated between 121*s*. 11½*d*. and 118*s*. 11*d*. per ounce fine.

Market remains steady.

Ready gold commands premium.

During the latter half of April, following erratic movements in the gold currencies, the price of gold fluctuated widely in London as well as in the local market but the tendency on the whole was upward. There was a large turnover for export on account of local banks and export houses, the outstanding contracts having been completely liquidated by then. The quotation for ready gold after falling from Rs. 30-2-3 to Rs. 28-11 on the 24th advanced to Rs. 30-0-3 per tola on the 28th and sovereigns similarly declining to Rs. 18-13 improved to Rs. 19-4. The price in London advanced from 118*s*. to 122*s*. 9*d*. on the 29th. The total shipments during March and April aggregated Rs. 9·54 crores in value.

Prices fluctuated widely with upward tendency.

At the beginning of May prices in all markets were higher. Ready gold in the local market improved from Rs. 29-14 to Rs. 31-2 (May 2) and sovereigns from Rs. 19-4 to Rs. 19-12-6. In London the quotation rose to 124*s*. 8*d*. per ounce. Thereafter, during the month, fluctuations were comparatively narrow, ready ranging between Rs. 30-10-9 and Rs. 30-4-6 per tola (27th May). Business for export, however, was restricted owing to local rates remaining over export parity on most days. But this helped the market to liquidate outstanding contracts with comparative ease, so much so that ready gold which commanded a premium of 1½ to 2 annas per tola during the previous two months, was quoted at almost par with forward settlements now. In fact some of the contracts for June delivery began to be fulfilled in advance.

Prices advance.

Export business restricted.

In the early part of June movements were erratic in sympathy with fluctuations in the cross rates and ready gold ranged between Rs. 30-6-3 (1st) and Rs. 30-2-6 (7th) per tola with business on a restricted scale. In the following weeks upto almost the end of June, the price of gold was fairly stable around Rs. 30-4 with small day to day fluctuations, but the undertone was steady throughout. The quotation in London stood around 122*s*. 3*d*. per ounce fine and for sovereigns in the local market at Rs. 19-10 each.

Movements erratic.

Prices become more stable.

Local dealers during this time had created a bull position of a fair size as a hedge against sales of gold currencies, which sometimes yielded a good profit. The stocks had therefore accumulated to 4 lacs tolas, most of the purchases by banks being for forward deliveries. The result was that ready gold went to a small discount in terms of forward. Shipments during May and June aggregated Rs. 10·84 crores in value.

Local dealers bullish.

Ready gold at small discount.

On account of the continued buying by exporters and banks, coupled with a steadier New York-London and Paris-London cross rates, the price of gold advanced in early July, ready being quoted at Rs. 30-13-9 per tola (7th) and at 124*s*. 3*d*. per ounce in London on the same day. The quotation for sovereigns improved to Rs. 19-14-3, but the demand for coins which had been very active during the previous two months had almost completely died out. Hence sovereigns commanded a very small premium over bar gold, although at one time in March and April, the premium was as much as 7 to 8 annas per each. Barring temporary reactions both ways price in the local market was maintained at about Rs. 30-12 per tola throughout July and upto mid-August and in London at about 124*s*. per ounce fine. Arrivals from upcountry at the higher level were good and stocks had by now accumulated to 6½ lacs tolas, although large shipments were effected during this period in fulfilment of outstanding contracts. As a consequence ready gold was at a discount of about ½ to ¾ anna per tola under one month forward delivery.

Banks continue to buy.

Demand for gold coins dies.

Prices maintained.

During the latter half of August the Paris-London cross rate, which had remained fairly stable in the previous few weeks, weakened and furthermore demand for gold in the local market was very active particularly for forward on Paris and London accounts. As a consequence quotations rose sharply touching Rs. 32-4 (29th) per tola, and Rs. 20-6-6 per sovereign the same day. The price in London advanced from 125*s*. to 129*s*. 4½*d*. per fine ounce on the 29th.

Large demand for gold from Paris and prices advance.

There were wide fluctuations in the price in the first week of September in sympathy with movements in the London-Paris cross rate, the tendency being towards higher rates. Ready gold was quoted at Rs. 32-12-6 on the 4th and after dropping to Rs. 32-3-6 on the 6th improved to Rs. 32-9-6 the following day. Sovereigns moved in sympathy between Rs. 20-8 and Rs. 20-11 and the price in London between 131*s*. and 130*s*. 4*d*. per fine ounce.

Upward tendency continues.

In the following week also, price changes remained highly erratic. Ready gold ranged between Rs. 32-9 and Rs. 31-9-9 closing at Rs. 32-7-9 ; the quotation in London moved between 127*s.* 7*d.* and 130*s.* 11*d.* per fine oz. closing at 129*s.* 6*d.* The rate for sovereigns touched Rs. 20-8 (15th) the highest and Rs. 20-1-0 (12th) at lowest, finishing at Rs. 20-8-3. Business for export was difficult owing to wide and rapid changes, but some transactions were recorded during the latter part when the market became more stable. The volume of inter-bazar business, however, was very large, option dealers having to operate on a big scale both ways to take advantage of the rise and fall.

Market becomes erratic.

Rapid changes make export business difficult.

In the third week of September there was a decided upward trend in the price of gold, following the strength in the franc and the price for ready touched Rs. 33-1-6 per tola on the 20th, the highest price on record since the abandonment of the Gold Standard in September 1931. The rate for sovereigns rose to Rs. 20-15 and for gold in London to 133*s.* 9*d.* per ounce fine. As was natural, a reaction occurred at the higher level, price in our market declining to Rs. 32-11-6 and in London to 132*s.* 9*d.* per ounce on the 21st. Arrivals at the higher price were considerable in the local market and a large turnover resulted for export purposes particularly for forward deliveries.

Decided upward trend.

Large arrivals from upcountry.

During the last week of September, fluctuations in price were comparatively wide, ready ranging between Rs. 33-1-3 and Rs. 32-11-6 and sovereigns between Rs. 20-15 and Rs. 20-11-6. The quotation in London moved between 133*s.* 7*d.* and 132*s.* 4*d.* The turnover both for local account and for shipment was voluminous. The total shipments between July and September end aggregated Rs. 12·76 crores.

Wide fluctuations in price.

Early in October, gold prices were firm once again, following movements in the London-Paris cross rate and the record price of the previous month was exceeded by about 5 annas to Rs. 33-7 per tola on the 4th. The sovereign was quoted at Rs. 21 and at that commanded a little premium and the price in London reached the highest on record, *viz.* 134*s.* 8*d.* (3rd). Large fresh business for export, ready as well as forward, was transacted during this period and arrivals from upcountry were good. Stocks in the local market were reduced to about 300,000 tolas, but forward deliveries were at a premium of about ¼ to ½ anna per month.

Prices firm up again and reach highest of the year.

In the following week the market remained steady but the local rates ruled above export parity, making fresh business impracticable. The difficulties in the other financial markets were probably responsible for the tendency among holders of gold not to part with it. Furthermore the impending French State Budget caused local dealers to hold gold as a hedge against sales of francs, a position from which large profits were expected in the event of France having to abandon the gold standard in order to balance the Budget. In fact the franc depreciated in the following week, the price of ready gold falling to Rs. 32-2-3 per tola on the 24th and sovereigns to Rs. 20-6-0 and of gold in London to 128*s.* 1*d.* per ounce the same day.

Local rates rule above export parity.

At this juncture came the announcement from President Roosevelt indicating his Government's intention to buy newly mined gold in the U. S. A. at rates much above those prevailing in London and Paris with a view to raise internal prices. The first purchase of such gold was reported to have been made at $31·36 per ounce fine on 26th, which at the ruling New York-London cross rate worked out an equivalent of 132*s.* as compared with the London fixing rate of 130*s.*/9½*d.* per fine ounce. Further advices about the progress of the French Budget were somewhat encouraging and this resulted in a demand for the metal at higher rates. Ready gold in the local market advanced to Rs. 32-13-3 on the 28th and sovereigns to Rs. 20-10. The quotation in London improved to 130*s.* 9½*d.* per ounce on the same day.

President Roosevelt gold policy.

Towards the end of October the price of gold improved further being influenced partly by fluctuations in the London-Paris cross rate and partly by reports from the U. S. A. to the effect that the American Government contemplated buying foreign gold at competitive rates. The rate for ready advanced to Rs. 33-0-6 per tola on the 30th and for sovereign to Rs. 20-12-6. The price in London rose from 129*s.* 8*d.* to 131*s.* 2½*d.* per ounce fine. The local rates, however, were well above the export parity and fresh business for export was practically impossible. In fact, the premium became widened to about 8 to 10 annas per tola as compared with the French Mint buying rate for gold in the following weeks in November and foreign interests resold most of their purchases for November and December shipments. Arrivals from upcountry on the other hand were good and stocks began to mount and were estimated at 6 lacs tolas in mid-November. As a consequence, prices in the local market, though above the export parity, tended to decline and had it not been for the weakness in the rupee sterling exchange rates, would have declined further. In fact some dealers were holding large quantities of gold so as to benefit if the rupee sterling ratio was changed from 1*s.* 6*d.* to 1*s.* 4*d.*, agitation in which direction became very strong at this period. Holding against a hedge in French francs was also continually increasing, though there was an occasional tendency to realise a part of the profit in this direction, caused by the big disparity in rates.

Gold prices improve.

Fresh business for export difficult.

Stocks accumulate.

Gold hedged against foreign currencies.

In the third week of November the pound sterling showed distinct signs of improvement in terms of gold currencies and the price of gold suffered a sharp set back in London as well as in India. But in the local market the quotations were still very high to permit of any export and in fact a small shipment of gold was made from London. This was a novel feature, but reflected no genuine demand for gold in this country and represented an arbitrage operation only.

Pound sterling strong and gold prices fall.

The price of ready gold declined gradually to Rs. 31 per tola on the 27th and sovereign to Rs. 19-13-6 on the same date and after minor fluctuations the former closed at Rs. 31-6 and the latter at Rs. 19-15-0 on the last day of November. The price in London after declining to 125*s.* 3½*d.* improved to 125*s.* 6*d.* but finished at 125*s.* 1*d.*

The premium in the local market dwindled at this stage since Government were firm in their attitude on the rupee sterling ratio question and the possibilities of France abandoning the gold standard immediately were getting remote. Throughout the last week of November, prices in the local market were close to export parity, though no fresh business was possible yet. The exports of gold during October amounted to Rs. 3·40 crores and during November to Rs. 2·53 crores.

Premium in the local market dwindles.

There was a temporary spurt in the price of gold at the beginning of December, following movements in the Paris-London cross rate. The quotation for spot touched Rs. 31-10 and for sovereign Rs. 20 on the 6th. The early strength immediately gave way and prices weakened to as low as Rs. 31-1 per tola on the 9th. Thereafter fluctuations upto the end of the month were narrow, but the undertone was steady. The rate for ready ranged between Rs. 31-6-3 and Rs. 31-2 per tola and for sovereign between Rs. 19-14-3 and Rs. 19-12-6. Movements in the London market were identical and fresh business for export was possible once again, particularly for forward deliveries. Stocks of ready gold continued heavy throughout and at the close were estimated at about 11 lacs tolas; and consequently there was a discount of about 1½ to 2 annas per tola per month on ready. Despite this, foreign buyers were largely interested in shipments for two to three months ahead, owing probably to higher premium available in the markets for these deliveries. It is also possible that foreign interest in the local market was largely speculative and as had happened in November, these purchases might be resold locally in course of time. Prices in London, moved between 126*s.* 9*d.* and 126*s.* 2*d.* per ounce, closing at 126*s.* 6*d.*

Temporary spurt in prices.

Narrow fluctuations.

Ready gold at a discount.

Shipments of gold exports during the year amounted to 6,248,095 fine ounces valued at Rs. 51·25 crores as compared with 9,666,122 fine ozs. valued at Rs. 75·87 crores in the previous year. The total shipments since the movement began in 1931 amounted to 20·765 million fine ounces valued at Rs. 162·81 crores.

SILVER.

January	Market steady and prices advanced.
February	Forward deliveries commanded a premium of Rs. 4 to 5 per 100 tolas owing to uncertainty *re* : import duty. Market was steady to firm.
March 3rd week	Embargo put on the export of gold and silver from U. S. A. Rumours were current that U.S.A. Government was likely to accept silver in part payment of war debt instalment. Prices firmed.
April 1st week	Market reacted towards lower levels.
„ 2nd week	The Shanghai tael replaced by Dollar.
„ last week	Feverish activity in the local market following continued reports *re* : possible acceptance of silver in payment of war debt instalments.
May	Market excited with wide fluctuations in rates.
June 1st half	U. S. A. Government accepted token payment of war debt instalment in silver. Government of India sold 20 million ounces of silver to British Government.
June 12	World Economic Conference met in London.
June 2nd half—July 1st half.	Stable conditions prevailed.
July 2nd half	Market erratic.
„ 20	Silver agreement reached at the World Economic Conference.
August 1st week	Unfounded rumours became current in the market *re*: change in import duty on silver.
	Market weakened.
September 2nd week.. ..	Market steady on reports that Pr. Roosevelt was contemplating a scheme to raise world price of silver.
October/November	Market inactive, small fluctuations.
December	Sagging tendency set in with a temporary spurt towards the close.

SILVER.

Market opens steady.

The New Year saw the silver market steady, following advices from Shanghai and London and also owing to small bear covering during the first week. The ready price during January advanced steadily with slight intermittent reactions from Rs. 49-3 to Rs. 51-5 per 100 tolas and closed at Rs. 51. The Shanghai tael moved between

Prices advance.

1*s.* 7¾*d.* and 1*s.* 8-5/16*d.* In London the spot price improved from 16½*d.* to 17⅛*d.* per ounce standard and closed at 17 1/16*d.* The volume of business was, however, restricted and the local market was likely to continue to be inactive so long as the

Volume of business restricted.

uncertainty regarding the import duty on silver prevailed. In the last week of January, March settlement was quoted at about Rs. 4 per 100 tolas higher than ready, mainly on account of rumours concerning the probable reduction of import duty

Daily offtake improves somewhat.

in the ensuing Budget. The daily offtake improved from about 50 bars at the beginning to about 150 bars towards the close with stocks reduced from about 9,000 bars to about 7,000 bars.

Narrow fluctuations in all markets.

Similar conditions prevailed in the market during the opening week in February. The Shanghai tael moved between 1*s.* 8-1/16*d.* and 1*s.* 8-3/16*d.* and the spot price in London fluctuated by 1/8*d.* on either side of 17*d.* The price of ready in the local market moved within the narrow range of 6 annas to 8 annas per 100 tolas. During the next fortnight, the interesting feature of the market was the decline in the price both for ready and February settlement from Rs. 50-6 to Rs. 49-3, while March settlement persistently improved. The premium on forward rose from Rs. 4 to Rs. 5 over ready again mainly due to rumours pointing to a substantial reduction in the import duty on silver. The daily offtake was estimated at about 85 bars with stocks standing at some 6,000 bars. The Shanghai tael after declining from 1*s.* 8-1/16*d.* to 1*s.* 7-9/16*d.* improved to 1*s.* 7-15/16*d.* and similarly London spot price receding from 16⅞*d.* to 16 3/16*d.* improved to 16⅞*d.*

Prices firm up following advices from U. S. A. re: Silver policy.

During the last week the trend of prices was definitely upwards owing to firmer advices from Shanghai and London and to reports from New York with regard to the proposed Bill empowering the U. S. A. Treasury to purchase silver. The price of ready shot up from Rs. 49-3 to Rs. 53-6 and receding to Rs. 52-15 closed at Rs. 53-4. In Shanghai the tael rose from 1*s.* 7-15/16*d.* to 1*s.* 8-7/16*d.*, but reacting to 1*s.* 8-1/8*d.* closed at 1*s.* 8-3/16*d.* In London the sport price improved to 17 5/16*d.* closing at 17⅛*d.* The announcement that no change in the existing import duty on silver was proposed in the annual Budget steadied the market and the daily offtake was brisk being about 180 bars with stocks reduced to some 5,000 bars. Naturally the premium on forward dwindled down to about 8 annas per 100 tolas.

During the first week in March the price of ready silver improved further from Rs. 53-5 to Rs. 54-5. The Shanghai tael moved between 1*s.* $8\frac{3}{16}$*d.* and 1*s.* $8\frac{1}{16}$*d.* The volume of business in the local market, however, was now small, the daily offtake having fallen to about 45 bars with stocks estimated at some 4,700 bars. There was, however, a sharp rise in the price of ready from Rs. 53-13 to Rs. 57-10 in the end of second week. Firmer advices from Shanghai and London coupled with covering by bears in the local market, following the announcement of an embargo on the export of gold and silver from the U. S. A. were responsible for this rise in silver. The tael improved to 1*s.* $9\frac{1}{4}$*d.* and the price in London from 17*d.* to $18\frac{7}{16}$*d.* Business in the local market was, however poor, the daily offtake being about 45 bars with stocks approximating 4,500 bars.

No change in import duty revealed in budget.

Sharp rise in prices.

At this juncture the reports concerning the probable acceptance of silver by America in payment of war debt instalment from the British Government, caused wide fluctuations in this market. The volume of business transacted was fair-sized. The Shanghai and London markets were, however, not responsive and therefore the local rates reacted sharply. The price of ready touched the high figure of Rs. 60 on March 12, but collapsed to Rs. 56-6 on the 14th and improved slightly at the close to Rs. 57-1 per 100 tolas. The tael after reaching 1*s.* $9\frac{1}{8}$*d.* fell to 1*s.*$8\frac{1}{2}$*d.* in mid-week but improved and closed at 1*s.* $8\frac{3}{4}$*d.* The trend of prices seemed thereafter downward but was arrested by some improvement in the closing week. The Shanghai and London markets were steadier towards the close. Ready silver declined to Rs. 55-1, but subsequently improved to Rs. 55-9 and closed at Rs. 55-7. The Shanghai tael after declining to 1*s.* $8\frac{3}{8}$*d.* improved to 1*s.* $8\frac{1}{2}$*d.* and closed at 1*s.* $8\frac{1}{4}$*d.* The price of silver in London moved between $17\frac{11}{16}$*d.* and $17\frac{3}{8}$*d.* per oz. standard.

Turnover increases and prices soar higher.

Market reacts downward.

An easy tone prevailed in the market during the first week of April. The weakness experienced in mid-week was largely due to unloading by tired bulls. The volume of business was relatively small. In the succeeding week, however, a steadier tone prevailed and prices were firm in the third week and the rate rose to as high as Rs. 59-3 on the 21st. This tendency was maintained by firmer advices from abroad, covering by bears in the local market, and through various reports from the U. S. A. and London about the strengthening of the position of silver.

Easy tone prevails.

Bear covering marks up quotations.

In Shanghai the tael was replaced by the dollar as the legal currency from April 10 and in furtherance of this object the Chinese Government imposed an export duty on silver of $2\frac{1}{4}$ per cent., this being the cost of minting silver into the new dollar, which was to weigh 26.6971 grammes and was to have a fineness of ·880. The new dollar was made exchangeable for taels on the basis of 71.50 taels for 100 dollars According to the new parity the sterling price of the dollar was 1*s.* $2\frac{1}{2}$*d.* for ready and $\frac{1}{16}$*d.* more for forward. Business in the local market was very poor, the daily offtake averaging 20 bars. Owing to fresh arrivals from up-country centres stocks augmented to about 7,000 bars.

Dollar introduced by Chinese Government.

Rumours re: payment of war debts in silver cause rise in quotations.

Rumours concerning the various proposals with regard to the acceptance of the part payment of war debts in silver gave rise to feverish speculative activity in New York and this was reflected in other markets. The price of ready shot up to Rs. 59-14 towards the end of the month, but closed at Rs. 59-1. In London the price of silver advanced to $20\frac{3}{16}d.$ A fair amount of inter-bazar business was done.

Speculators very active.

The continuation of the frenzied activity on the part of American speculators caused violent fluctuations both in London and New York though the local market remained relatively firm. The price of ready improved to Rs. 59-12 on May 1, but eased off at the end of the week to Rs. 58-4. The Shanghai dollar after improving to 1*s.* $3\frac{3}{8}d.$ closed at 1*s.* $3\frac{1}{8}d.$ and spot silver in London shot up to $20\frac{1}{2}d.$ but eased off to $19\frac{1}{8}d.$ A large amount of inter-bazar business for forward delivery was transacted. The daily offtake however continued low at an average of 25 bars and stocks amounted to about 8,500 bars on continued arrivals from up-country centres. During the next fortnight erratic price fluctuations characterised the silver market. Almost all the principal silver markets in the world experienced wide fluctuations largely influenced by the propaganda of silver producers. Stocks of silver were considerably larger than they had been for many years. After declining from Rs. 58-6 to Rs. 57-11, ready silver in the local market improved to Rs. 58-5 but declined to as low as Rs. 55-13 on the 16th. With a sharp rise to Rs. 57-3 the rate declined to Rs. 56-11 but closed steady at about Rs. 57-8. In Shanghai the dollar declined from 1*s.* $3\frac{1}{4}d.$ to 1*s.* $2\frac{3}{8}d.$ but improved and closed at 1*s.* $3\frac{1}{8}d.$ Fluctuations in this period in London silver were also erratic where it moved between $19\frac{7}{8}d.$ and $18\frac{1}{4}d.$ closing at $18\frac{1}{2}d.$ During the closing week prices were more or less stable and fluctuations were narrow. Ready after remaining steady around Rs. 57-5 closed at Rs. 57-11. Movements in the Shanghai dollar were also small closing at 1*s.* $3\frac{1}{8}d.$ Stocks were almost unchanged at about 10,000 bars during the latter half of the month, while the daily offtake which averaged about 100 bars in mid-month declined to about 50 bars.

Prices move erratically.

Significant events affecting silver.

Early in June two significant events engaged the attention of the silver market and for some time almost dominated it. These were (1) the part payment of war debts by the British Government in silver and (2) the meeting of the World Economic Conference. The United States Government agreed to accept from Great Britain 10,000,000 dollars as a token payment on June 15th. The payment was made in silver at 50 cents per ounce fine acquired by the British Government from the Indian Government. The actual cost of the silver transferred from the Government of India to British Government was calculated in the neighbourhood of £1,600,000. Great satisfaction was felt in the local financial circles at this arrangement. It was indeed a good bargain for the Government of India to be able to dispose of such a large quantity of silver at the market rate, which in the ordinary circumstances would have been considerably depressed if such a sale was actually effected in the open market.

World Economic Conference and silver.

The advent of the World Economic Conference was an event of capital importance for the whole world. The problem of silver was an important item in the agenda of the Conference. Rumours and from time to time authoritative reports pertaining to the discussions with regard to silver and especially talk about the rehabilitation of the metal, profoundly affected the tone of the market and almost governed the variations in price. Eager expectations were raised in the minds of sellers and buyers of silver as to the nature of the final decisions on this point. For a considerable time the market remained dull and hesitant and refrained from fresh commitments. During June and right up to the middle of July fairly stable conditions, with very minor fluctuations, characterised the market. The price of ready varied very slightly. Business was very restricted and mainly confined to carryovers. Stocks were top-heavy at a high figure of 10,000 bars while the daily offtake was very feeble at 35 to 50 bars. Ready silver reached the highest level of Rs. 58-5 on the 10th and the lowest of 56-8 on June 23, the closing being Rs. 57-2. The Shanghai dollar after touching 1*s.* $3\frac{5}{8}$*d.* declined gradually to 1*s.* $2\frac{15}{16}$*d.* but improved and closed at 1*s.* $3\frac{1}{4}$*d.* Movements in London silver were likewise confined between $19\frac{1}{4}$*d.* and $18\frac{3}{8}$*d.*, the closing being $18\frac{5}{8}$*d.* In the first half of July ready silver witnessed a small easing off to Rs. 55-11 on the 11th, with the Shanghai dollar quoted at 1*s.* $2\frac{13}{16}$*d.* on that date and London silver touching $17\frac{7}{8}$*d.* During the middle of July the market remained somewhat steady, ready silver advancing to Rs. 57-7 and the Shanghai dollar to 1*s.* $3\frac{9}{16}$*d.*

Stocks top heavy.

Market erratic.

During the latter half of July the market was erratic following reports in connection with the silver agreement arrived at the World Economic Conference. The price of silver shot up on the midnight of 23rd, trading being reported at as high as Rs. 58 per 100 tolas. With no response from Shanghai, however, the rate receded to Rs. 56-2 on the 26th but slightly improved to Rs. 56-9 and closed again at Rs. 56-2. In Shanghai the dollar moved between 1*s.* $3\frac{11}{16}$*d.* and 1*s.* $2\frac{3}{4}$*d.* during this period, the closing being 1*s.* $3\frac{1}{8}$*d.* The price in London fluctuated between $18\frac{3}{4}$*d.* and $17\frac{7}{8}$*d.* and finished at $17\frac{15}{16}$*d.*

Silver Agreement at World Economic Conference.

The silver agreement effected no change in the status of silver as a monetary unit and the sale of demonetized silver by the Government of India was calculated to continue to the same extent as then prevailed. No restrictions were placed on fresh production of silver although the producing countries agreed to buy a small portion of silver from their own mines for currency purposes. As Prof. Gregory stated "the rise in the world value of silver is to be welcomed only if it is accompanied by and is part of a general rise in price." The Westminster Bank referring to the results of the Economic Conference observed that "the silver agreement is unlikely to lead to any considerable rise in the market price of silver, but it should impart an element of stability to its value. To the world as a whole, as distinct from the silver producer, interest in the silver problem lies in its influence on the purchasing and competitive powers of the half of the world's population which uses the metal as currency or as a store of value. From this standpoint, stability is more valuable than sharp appreciation. The arresting of the decline and perhaps the consolidation of the recent

slight improvement may well go much to restore the prestige of the metal in the eyes of the Eastern peoples, and therefore their own confidence in their currency material or their hoarded savings. The prospects that the eastern Countries will share in any recovery in world trade are therefore enhanced."

Market hesitant.

The market again became hesitant during the first week of August. There was, however, some excitement in the local market owing to unfounded rumours regarding the reduction in the import duty on silver and price moved up from Rs. 55-15 to Rs. 56-7, but declined and closed at Rs. 55-14. In Shanghai the dollar eased to 1*s*. $2\frac{15}{16}d$. but slightly improved and closed at 1*s*. $3\frac{1}{16}d$. London silver moved between $17\frac{7}{8}d$. and $17\frac{3}{4}d$. The volume of business was still restricted, the daily offtake averaging some 25 bars while stocks aggregated somewhere near 10,000 bars.

Renewed rumours in connection with import duty.

Persistent rumours in connection with the change in the import duty on silver caused the holders of ready silver to unload covering against forward purchases, thus occasioning a discount of a rupee on ready as compared with September settlement. Trading in the local market was however restricted. Stocks were heavy at the large figure of 10,000 bars with the average daily offtake unchanged at about 25 bars. Later on the market developed weakness following advices from Shanghai and unloading by tired bulls. The price of ready declined to Rs. 54-7 on the 15th and the turnover in the market was slightly better owing to settlement, the daily offtake averaging some 50 bars. The Shanghai tael was quoted at around 1*s*. $2\frac{3}{4}d$. The market remained quiet and dull for some time and price fluctuations were narrow. In the last week there was, however, a rise of over a rupee per 100 tolas. Ready advanced from Rs. 54-7 to Rs. 55-14 at the end of the month. The Shanghai dollar closed at 1*s*. $3\frac{1}{8}d$. and in London spot silver closed at $18\frac{1}{8}d$.

Prices decline.

Trading restricted again.

There was again a sharp set-back in prices during the first week of September though it was promptly checked and an upward trend set in at the close. The quotation for ready dwindled from Rs. 55-15 to Rs. 55-4 and closed at Rs. 55-9 per 100 tolas. Trading in the local market was small and mainly confined to carry overs on account of the approach of the settlement. Stocks were yet heavy at the huge figure of 10,000 bars with the daily offtake standing in the neighbourhood of 25 bars. The market assumed an unusually steady tone in the following week. This was due to bear covering influenced by the report that Senator Pitman had recommended to President Roosevelt a scheme to raise silver prices substantially. The price of ready in the local market rose from Rs. 55-7 to Rs. 56-12 per 100 tolas. The dollar in Shanghai rose from 1*s*. $3\frac{3}{16}d$. to 1*s*. $3\frac{7}{16}d$. The price in the London market moved between $18\frac{1}{16}d$. and $18\frac{3}{16}d$. The premium on forward continued at 4 annas for each month. This was largely due to heaviness of stocks still unchanged at about 10,000 bars, while the daily offtake averaged only 35 to 40 bars.

Steady but dull conditions prevailed locally during the subsequent fortnight, gold beingthe centre of attraction. The price of ready ranged between Rs. 56-13 and Rs. 56-3. The dollar in Shanghai moved between 1*s*. 3 9/16*d*. and 1*s*. 3 3/8*d*. The price of silver in London oscillated between 18 1/4*d*. and 18 1/2*d*. The turnover in the local market was limited and largely confined to inter-bazar operations. The premium on forward remained more or less the same—about 3 to 4 annas. Stocks were still heavy approximating 9,000 to 10,000 bars while the daily offtake was only 25 bars.

Market continues dull.

The market remained steady but slightly easier in the opening week of October. The price of ready at first sagged from Rs. 56-8 to Rs. 56-1, but again reacted, recovering to the opening quotation of Rs. 56-8 on the 10th. The dollar in Shanghai moved within narrow limits between 1*s*. 3 1/2*d*. and 1*s*. 3 3/8*d*. and in London spot silver after touching 18 5/16*d*. closed at 18 1/2*d*. Turnover was mainly confined to carry-overs and was small, the daily offtake averaging no more than 25 bars, while stock stood at the oppressive figure of 10,000 bars. During the subsequent fortnight a downward trend in prices was noticeable following a drop in the value of silver in London and weak advices from Shanghai, where the dollar eased off to 1*s*. 3 9/16*d*. on the 17th. The spot quotation in London dropped to 17 3/4*d*. the same day. In the local market the price of ready dwindled from Rs. 56-9 to Rs. 55-14, with a slight reaction to Rs. 56-1 at the end. Trading was negligible, the daily offtake being no more than 25 bars.

Narrow price movements.

There was, however a slight advance in the price of ready silver from Rs. 56-0 to Rs. 56-10 on the 30th following newspaper reports to the effect that President Roosevelt contemplated to raise the value of silver in world markets. There was, however, no appreciable response, either from Shanghai or London. The dollar in Shanghai improved and finished at 1*s*. 3 7/16*d*. and the London quotation after hovering around 18 1/16*d*. closed at 18 1/4*d*. The trurnover in the local market continued at the low level of 25 bars, while stocks on hand amounted to about 9,000 bars.

Prices advance slightly following New York advices.

Throughout November the market remained devoid of interest and price fluctuations were narrow with limited trading. Ready ranged between Rs. 57-1 and Rs. 56-2 per 100 tolas. Movements in other markets were identical, the Shanghai dollar ranging between 1*s*. 3 11/16*d*. and 1*s*. 3 1/4*d*. and the quotation in London between 18 5/8*d*. and 18 1/4*d*. per ounce standard.

Market devoid of interest.

Early in December, however, price fell somewhat, ready silver declining to Rs. 55-14 on the 7th. This was despite no change either in Shanghai or in London. The absence of demand for the metal for trade and large stocks amounting to over 9,000 bars accounted for the fall in rates in the local market.

Prices fall.

The sagging tendency continued and market developed weakness in the third week, The usual pre-budget rumours regarding reduction in the import duty on silver were afloat in the market. Stale bulls began to unload their holdings. The quotation for ready fell to Rs. 52-15 on the 20th, though movements in outside markets were little changed, the Shanghai dollar quoting 1*s*. 3 9/16*d*. and London quoting 18 5/8*d*. per st. ounce.

Sagging tendency continues.

Reports from U.S.A. regarding silver.

At this stage reports emerged from the U. S. A. that certain measures to raise the price of silver were contemplated by the Treasury and as a consequence prices advanced sharply in the local market, ready being quoted at Rs. 54-6 on 22nd. The quotation in Shanghai and in London also improved to 1*s.* 3$\frac{7}{8}$*d.* and 19$\frac{1}{16}$*d.* respectively.

Erratic movements.

In the last week the fluctuations were somewhat erratic and the tone at the finish was quieter as it was realised that the action of the U. S. Government in controlling the price of silver could not be effective in view of the fact that American production of silver was but one-sixth of the world production and was less than the quota allotted to Government of India for sale. The quotation at the close stood at Rs. 53-14 with Shanghai quoted at 1*s.* 3$\frac{15}{16}$*d.* and the spot price in London at 19$\frac{1}{16}$*d.* per ounce st. The stocks on hand at the end of the year amounted to 9,000 bars and the daily offtake was no better than 25 bars.

Exports of silver during the calendar year 1933, on Government account amounted to 50,925,932 ounces valued at Rs. 6·19 crores as compared with 26,107,081 ounces valued at Rs. 3·02 crores in 1932. There were practically no imports of silver bars during the year.

SHARES.

January	Market steady with good demand for miscellaneous industrial shares.
February	Rumours that Government were contemplating raising import duty on textile imports. Market firm.
March	Market comparatively inactive.
,, last week	Reports that Government contemplated enforcing anti-dumping measures. Rates advanced.
April 12	Anti-dumping Bill passed in the Legislative Assembly.
	Cotton mill shares advanced substantially.
May 1st week	Market erratic—tendency undecided.
,, 15-17	Stock Exchange closed to business owing difficulties in connection with gilt-edged securities. Prices declined all round.
June 1st week	Stock market animated.
,, 7	Government put additional 25% duty on all cotton textile imports of non-British manufacture. Prices advanced all round.
July	Market steady with narrow price movements. Tata Iron and Steels (Ordinaries) and Hydro-Electric shares very firm.
July end to August ..	Difficulties in connection with August settlement, owing to failure of one of the bull operators; market weakened and business suspended temporarily.
	Balance sheets of Currimbhoy group of mills published showing big losses.
	August settlement squared off.
September	Difficulties in connection with September settlement; market closed for a few days.
	Rumours re: difficulties of Currimbhoy Ebrahim & Sons Ltd. afloat.
	Prices declined in all sections and panicky conditions prevailed.
,, 25	Forward trading on the Stock Exchange suspended.
October	Forward trading remained suspended throughout.
	Scheme formulated by Stock Exchange authorities to end the crisis.
	Accounts for October settlement squared off under this scheme.
	Currimbhoy group of mill shares struck off the forward list.
November	Market tone better but business restricted.
,, 11	Forward trading resumed. Currimbhoy group mill shares removed from forward list.
December	Cotton mill shares almost neglected.
	Miscellaneous industrials were in good demand. Tata Iron and Steel and Cements were in demand, with large turnover.

SHARES.

Stock Exchange opens steady.

The Stock Exchange was steady at the outset, and although activity was largely confined to miscellaneous industrial shares, prices in the mill section showed a steady improvement. The rise in gilt-edged securities caused in turn an investment demand particularly for public utility shares and other regular dividend payers. Tata Iron and Steel shares, however, were the favourite speculative counter and bulls were strong owing to encouraging results at the steel works. Bombay Burmahs ranked next in order. Among cotton mill shares, Bombay Dyeings advanced from Rs. 660 to Rs. 690 at the close of January; Centurys from Rs. 203-12 to Rs. 207-8; Fazulbhoys from Rs. 248-12 to Rs. 263-12; Kohinoors from Rs. 136-4 to Rs. 156-4 and Pearls from Rs. 117-8 to Rs. 126-4. In the miscellaneous section Hydro-Electrics were the outstanding feature; Tata Hydros fluctuating slightly rose from Rs. 138-12 to Rs. 149-1; Tata Powers gained from Rs. 778-12 to Rs. 897-8 and Andhra Valleys from Rs. 1,256-4 to Rs. 1,356-4. Bombay Trams which were quoted at Rs. 109-4 at the opening were in demand at Rs. 127-13 at the end of the month. Bombay Steams recorded a rise of Rs. 65 to Rs. 291-4, while Scindia Steams improved from Rs. 10-8 to Rs. 14-13. Tata Iron & Steel Ordinarys gained from Rs. 35-2 to Rs. 40-10, 2nd Preference shares from Rs. 66-4 to Rs. 76-4 and Defd. shares from Rs. 132-8 to Rs. 176-4. Bombay Burmahs improved from Rs. 367-8 to Rs. 423-12xd. Among the regular dividend payers Cements, Railways and Bank shares were prominent. Bundi Cements rose from Rs. 15-12 to Rs. 19, Indian Cements from Rs. 188-12 to Rs. 232-8 and Katni Ordinarys from Rs. 178-12 to Rs. 230. Among railway shares Ahmedabad. Prantij advanced from Rs. 650 to Rs. 660 and Tapti Valleys from Rs. 622 to Rs. 635. Imperial Bank (fully paid up) shares gained Rs. 30 to Rs. 1,265, while contributories rose from Rs. 302-9 to Rs. 308-12. Bank of India shares improved from Rs. 95-8 to Rs. 105 and those of the Central Bank from Rs. 19-6 to Rs. 24-2.

Investment demand for public utility shares.

Market firmer following rumours of further protection to cotton industry.

Early in February the stock market was firm following rumours that further protection to the cotton mill industry was imminent. There was a sharp rise in the cotton mill section with a sympathetic movement in other industrial issues. At the higher level there was a tendency to realise profits to some extent and there was a slight recession in quotations. Bombay Dyeings advanced from Rs. 716-4 to Rs. 727-8 (February 20th) but reacted to Rs. 723-12; Centurys improved from Rs. 205 to Rs. 213-12 but receded to Rs. 207-8 and all other issues firmed likewise. Among the miscellaneous shares Tata Ordinarys rose to Rs. 41-4, Defds. to Rs. 176-4 and 2nd Preference to Rs. 79-4 reacting immediately to Rs. 40-6, Rs. 172-8 and Rs. 75 respectively on profit taking. Bombay Burmahs advanced from Rs. 415 to Rs. 423-12xd., but reacted to the lower level. All other shares recorded small price gains except the Imperial Bank shares, which eased considerably as a result of the reference made by H. E. the Viceroy to the early formation of a Reserve Bank for India. Fully paid shares declined from Rs. 1,265 to Rs. 1,190 and Contributories from Rs. 308-12 to Rs. 285.

In the second week of February the market was closed except for one day for settlement of accounts, when prices improved slightly, but trading was limited. In the following week also the stock market continued dull with small price changes, but during the latter part of February movements were more erratic with a rising tendency all round. Bombay Dyeings ranged between Rs. 727-8 and Rs. 747-8, Centurys between Rs. 205-10 and Rs. 208-12 and Fazulbhoys between Rs. 285 and Rs. 317-8, most of them closing at the lower levels due to profit-taking. Among the shares in the miscellaneous section Tata Iron Ordinarys moved between Rs. 39-8 and Rs. 41, but closed at Rs. 40-12 and Defds. after touching Rs. 173-12 declined to Rs. 150 and closed at Rs. 161-4. Hydro-Electric shares were all maintained at previous levels, while Cement shares advanced slightly, Bundis to Rs. 20-14. Railway shares advanced sharply, Ahmedabad Prantij from Rs. 660 to Rs. 780 and Tapti Valleys from Rs. 635 to Rs. 680. All other shares in this section recorded similar price gains. Imperial Bank shares declined further. Fully paid up to Rs. 1,150 and Contributories to Rs. 282-8. Bank of India shares were quoted at Rs. 100xd. with Central Banks at Rs. 22-14.

Prices improve but trading limited.

In the first three weeks of March, the Stock market was comparatively inactive with minor price changes in all the sections. In the last week, however, there was a buoyant tone as a result of renewed rumour that Government were contemplating the enforcement of anti-dumping measures shortly to check competition in the textile trade. As a consequence cotton mill shares advanced substantially, Bombay Dyeings to Rs. 763-12, Centurys to Rs. 199-6, Fazulbhoys to Rs. 332-8, Kohinoors to Rs. 151-14 and Pearls to Rs. 126-4. There was a sympathetic rise in all other industrial shares, Tata Iron Ordinarys improving to Rs. 43-2 and Defds. to Rs. 171-4. Tata Hydros gained to Rs. 151-14; Tata Power Ordinarys were quoted at Rs. 1,001-4 and Andhra Valleys recorded a substantial rise from Rs. 1,332-8 to Rs. 1,407-8. Bombay Trams improved to Rs. 135-10 and Bombay Steams to Rs. 293-2. Bombay Burmahs rose to Rs. 455 and Alcocks to Rs. 157-8. All cement shares advanced, Bundis to Rs. 23-4, Indian Cement to Rs. 257-8 and Katni Ordinarys to Rs. 267-8. Railway shares were also steady, Ahmedabad Prantij quoting at Rs. 795xd. and Tapti Valleys at Rs. 690xd. Bank shares improved, particularly Imperial Banks which advanced from Rs. 1,165 to Rs. 1,230 for fully paid and from Rs. 285 to Rs. 296 for partly paid.

Market active on rumours of anti-dumping measures.

The Anti-Dumping Bill was actually passed in the Legislative Assembly on April 12th, conferring wide powers on the Government of India. The Hon'ble the Commerce Member, however, assured the House that these powers would be used only after a careful and thorough examination of the circumstances.

Anti-dumping Bill passed.

As a consequence of this, cotton mill shares advanced substantially; Bombay Dyeings were quoted at Rs. 773-12xd., Century at Rs. 225, Fazulbhoys at Rs. 333-12, Kohinoors at Rs. 172-8 and Pearls at Rs. 145. Trading was also more brisk in this section, the Miscellaneous group of shares being all maintained at last levels.

Cotton mill shares advance substantially.

Prices advanced further in the following two weeks and all sections were very active. Bombay Dyeings rose to Rs. 806-4xd., Centurys to Rs. 261-4, Fazals to Rs. 373-12, Kohinoors to Rs. 180 and Pearls to Rs. 180 on the 28th April.

Further rise in prices.

Other industrial shares were firm in sympathy. Tata Iron Ordys. advanced to Rs. 53-8 and Defds. to Rs. 232-8. Tata Hydros rose to Rs. 150, Andhra Valleys to Rs. 1,422-8 and Bombay Trams to 131-9xd. Alcocks gained about 35 points to Rs. 195 and Bombay Burmahs touched Rs. 500. Among cement shares, Bundis improved to Rs. 24-2, Indian Cement to Rs. 271-4xd. and Katni Ordys. to Rs. 273-12. Railway shares were slightly easier, however, Ahmedabad Prantij quoted at Rs. 780 and Tapti Valleys at Rs. 680. Bank shares were steady, but practically unchanged in price.

Miscellaneous shares firm in sympathy.

Early in May, the market became somewhat erratic and the tendency was undecided, but profit-taking caused price declines in almost all cotton mill shares. Even the miscellaneous industrials moved both ways, finishing a little easier. Bombay Dyeings declined to Rs. 753-12, Century to Rs. 232-8, Kohinoors to Rs. 155 and Pearls to Rs. 150 on the 10th May. Tata Iron & Steel Ordys. fell to Rs. 47 and Defds. to Rs. 201-4. All electric shares were easier, Tata Hydros at Rs. 146-4, Tata Powers at Rs. 957-8 and Andhra Valleys at Rs. 1,380. Alcocks dropped to Rs. 175 and Bombay Burmahs to Rs. 446-4. Railway and Bank shares were practically unchanged.

Prices decline on profit-taking.

The Stock Exchange was closed to business from May 15 to 17 on account of difficulties in connection the mid-month Government security settlement. Prices declined in all sections on unloading by bull operators and business was fair-sized. Bombay Dyeings dropped to Rs. 741-4, Centurys to Rs. 235, Fazulbhoys to Rs. 337-8, Kohinoors to Rs. 156-4 and Pearls to Rs. 151-4. Among the miscellaneous shares Tata Iron Ordys. fell to Rs. 45-6 and Defds. to Rs. 193-12. Tata Hydros eased off to Rs. 143-7, Tata Powers to Rs. 922-8 and Andhra Valleys to Rs. 1,352-8. Bombay Burmahs fell to Rs. 442-8, while Alcocks and Bombay Steams were but little changed. Railway shares showed slight price movements, but bank shares were easier, Imperial Bank fully paid at Rs. 1,218-12 and Contributories at Rs. 290.

Difficulties in connection with Government security settlement cause share values to decline.

The set-back in prices proved temporary and during the latter part of May prices advanced substantially. Raw cotton price was firmer and Government security settlement passed off without any serious difficulties. Furthermore negotiations regarding Anglo-Japanese trade relations were reported to be progressing favourably. The volume of turnover increased in all sections.

Set-back in prices proves temporary.

The Stock market was animated in the first week of June, particularly in cotton mill section, following the announcement by the Government of India on 7th June that with effect from the 7th, an additional duty of 25 per cent. on all cotton textile imports of non-British manufacture would be imposed. The import duty was thus raised from 5¼ annas to 6¾ annas per pound on plain greys and the *ad valorem* duty was raised from 50 per cent. to 75 per cent.

Additional duties on cotton imports imposed by Government.

The cotton industry had been in dire need of protection from foreign competition, but the effect of this new measure was not expected to be felt immediately, since large stocks of cheap foreign cloth had accumulated in Bombay in anticipation of tariff change.

Prices of Cotton mill shares advance.

The prices of big cotton mill shares advanced 10 to 30 points, Bombay Dyeings to Rs. 831-4, Century to Rs. 268-12, Fazalbhoys to Rs. 388-12, Kohinoors to Rs. 177-8 and Pearls to Rs. 211-4. The other industrial shares were also firm in sympathy and there was a large turnover particularly in Steel shares. Tata Iron Ordys. advanced to Rs. 54 and Defds. to Rs. 231-14. All other issues were higher by a few points. There was a slight reaction at the higher level on profit taking, but the undertone was quite healthy throughout June with small day to day fluctuations in the cotton mill section.

Miscellaneous shares firmer.

The shares in the miscellaneous section were firmer. At the end of June Bombay Dyeings were quoted at Rs. 818-12, Century at Rs. 251-4, Fazulbhoys at Rs. 368-2, Kohinoor at Rs. 178-12 and Pearls at Rs. 243-12. Tata Iron & Steel Ordys. advanced to Rs. 54-8 and Defds. to Rs. 225. Tata Hydros were quoted at Rs. 155, Andhra Valleys at Rs. 1,395 and Bombay Trams at Rs. 138-2. Bombay Burmahs on the other hand were weak dropping to Rs. 401-4. Cement shares were particularly steady and there was brisk trading in them. Bundis advanced to Rs. 24-8, Indian Cements to Rs. 275-10 and Katni Ordys. to Rs. 287-8. Railway shares were practically unaltered. Bank shares were easier, Imperial Bank fully paid being quoted at Rs. 1,190 and partly paid at Rs. 288-12.

Stock market steady with narrow fluctuations.

In the first three weeks of July the Stock market remained steady with narrow movements in price, particularly in mill section. The other industrial shares were firmer, however, Tata Iron & Steel Ordys. touching Rs. 57 (5th). Hydro-Electric shares showed a marked improvement, with Tata Power advancing from Rs. 996-4 to Rs. 1,042-8 (18th) and Tata Hydros to Rs. 160 (22nd). Andhra Valleys touched Rs. 1,463-12 (22nd) and Bombay Trams kept steady at Rs. 138-7. Cement shares improved further, Bundis to Rs. 26-2 (20th), Indian Cements to Rs. 287-8 and Katni Ordys. to Rs. 295. Railway shares firmed, Ahmedabad Prantij to Rs. 801-4 and Tapti Valleys to Rs. 705. Imperial Bank shares on the other hand were easier, fully paid up declining from Rs. 1,238-12 to Rs. 1,185 (21st) and partly paid from Rs. 307-8 to Rs. 293-12.

Hydro-electric and Cements improve.

Market assumes a dull tone.

Towards the end of July the market was comparatively dull and there was a slight recession in prices in all sections as a result of profit taking on the part of bulls. Prices of cotton mill shares declined further in early August, but shares in the miscellaneous section, particularly Steel and Electric issues showed marked improvement, the former being influenced by the reports that a dividend of Rs. 5 was being paid on the 2nd Pref. Shares, which carried an accumulated dividend of Rs. 66 up to the end of March.

Bombay Dyeings declined to Rs. 787-8, Centurys to Rs. 234-6, Fazalbhoy to Rs. 326-4, Kohinoor to Rs. 161-4 and Pearls to Rs. 220 on the 3rd. Tata Iron & Steel Ordys. on the other hand advanced to Rs. 57-6, Tata Hydros to Rs. 160-10, Tata Power to Rs. 1,046-4, Andhra Valleys to Rs. 1,480 and Bombay Trams to Rs. 1,39-6 on the 4th. Alcocks rose to Rs. 200 and Bombay

Burmahs to Rs. 398-12. Cement shares advanced further, Bundis to Rs. 26-10, Indian Cements to Rs. 296-4 and Katni Ordys. to Rs. 293-2. Railway and Bank shares were maintained.

Difficulties on the Stock Exchange. Forward business temporarily suspended.

Difficulties were encountered in settling accounts for the August settlement owing to the failure of one of the bull operators. The market was closed for a few days and although the settlement passed off without any serious failure, a weak tone was manifest in the market with prices tending downward. At this juncture, balance sheets of cotton mills in the Currimbhoy group were published revealing heavy losses in most of them and the market, which was none too strong already develcped weakness on unloading by bull operators and fresh bear sales. Prices continued to decline throughout August, although there were occasional reactions. At the end of the month Bombay Dyeings were quoted at Rs. 778-12, Centurys at Rs. 225-10, Fazulbhoys at Rs. 286-4, Kohinoor at Rs. 156-4 and Pearls at Rs. 170. Other industrial shares except Hydro-Electric and public utilities and Cement were also easier. Tata Iron Ordys. declined from Rs. 58-12 the highest level reached during the year to Rs. 53-6 (30th) and Defds. from Rs. 221-4 to Rs. 191-14. Bombay Burmahs fell from Rs. 403-12 to Rs. 380 and Alcocks from Rs. 222-8 to Rs. 205. Among electric shares Tata Hydros advanced to Rs. 162-3, Tata Power to Rs. 1,022-8 (September 1) Andhra Valleys to Rs. 1,472-8, and Bombay Trams to Rs. 146-14. Cement shares were practically unchanged.

Prices decline all round.

Accounts for August settlement squared off.

Although the August settlement had seemingly passed off smoothly, difficulties rose again at the September settlement and the Stock Exchange had to remain closed to business for a few days. Furthermore rumours were set afloat that the House of Currimbhoy, prominent mill agents in the City, was in difficulties and this caused further liquidation on the part of holders and there was an all round fall in prices.

Rumours re: Currimbhoys difficulties cause sharp fall in prices.

Panicky conditions prevailed in the last week of September and bear raids forced down prices by more than 100 points in the case of some cotton mill shares under the management of Messrs. Currimbhoy Ebrahim & Sons. The Stock Exchange authorities suspended forward dealing in the market and the position continued uncertain although it was reported that negotiations were in progress to tide over the difficulties. Fazalbhoy shares declined from Rs. 228-12 to Rs. 130, Indore Malwa from Rs. 318-12 to Rs. 270, Pearls from Rs. 167-8 to Rs. 83-12. The shares in the miscellaneous section also suffered a sharp price decline in sympathy with the cotton mill group and there were large selling orders in the market. Tata Iron Ordys. fell to Rs. 48 and Defds. to Rs. 168-2. Tata 2nd Pref. Ordys. fell from Rs. 110 to Rs. 96 and Tata Powers from Rs. 1,022-8 to Rs. 982-8. Bank shares on the other hand improved, Imperial Bank fully paid to Rs. 1,252-8 and Contributories to Rs. 301-4.

Forward trading suspended.

Stock Exchange authorities formulate scheme to tide over difficulties.

Forward trading on the Stock Exchange remained suspended throughout October, though accounts in connection with the settlement were reported to have been squared off with one or two small failures. Shares dealt for in cash kept quite steady during this period, but the turnover was restricted. So long as no working arrangement was arrived at in connection with the Currim-

bhoy group of mills, forward trading was not likely to be resumed. Since up to the end of October no such arrangement was arrived at, it was reported that with a view to meet the crisis on the Stock Exchange, the Board of Directors had formulated a scheme, whereby the funds of the Exchange to the extent of about Rs. 3 lacs were to be invested in order to give relief to those members who were unable to take up all the shares they had contracted for. The scheme was to be put before the General Body of members for approval, which was done and the scheme sanctioned.

Arbitrary action of Stock Exchange authorities.

Although the number of dissenting members was a small minority, they were certainly in the right in opposing such a scheme. It was wrong in principle and unfair to the members as a whole that funds of the Exchange should have been sacrificed for the benefit of a few and invested in the purchase of shares which were known to be worthless.

Outstanding contracts carried forward.

In the meantime the outstanding contracts for September settlement had been carried on to the October settlement at rates determined by the Stock Exchange authorities in respect of all shares at a fixed interest basis of 6 per cent. per annum.

Difficulties tided over and forward trading resumed.

Accounts for the October settlement were squared off under the scheme formulated by the Stock Exchange and forward trading was resumed from November 11, after a suspension of nearly 6 weeks commencing from September 25th. Business however was restricted, investors exercising caution. The undertone was healthier and barring the shares in the Currimbhoy group which were from now on removed from the forward list, other scrips on the list were quite steady. Bombay Dyeings ranged between Rs. 754-6 and Rs. 762-8, Kohinoors between Rs. 117-8 and 125 and Centurys between Rs. 191-4 and Rs. 201-4. The Currimbhoy group of shares were considerably marked down, Crescents from Rs. 31-4 to Rs. 9-8, Currimbhoys to Rs. 8, Fazals to Rs. 43-12, Indore Marwa to Rs. 72-8, Kastoorchand to Rs. 1-12, Pabaneys to Rs. 9-8 and Pearls to Rs. 12-8.

Small price fluctuations.

Miscellaneous shares comparatively steady.

The miscellaneous shares though somewhat lower were comparatively steady with Tata Iron Ordys. at Rs. 47 and Defds. at Rs. 177-8. Tata Hydros declined to Rs. 143-13, (16th November), Tata Powers to Rs. 945, Andhra Valleys to Rs. 1,355xd. and Bombay Trams to Rs. 132-3xd. Bombay Burmahs fell to Rs. 328-12 and Alcocks to Rs. 157-8. Cement, Railway and Bank shares were well maintained.

Market dull but undertone better.

During the second fortnight of November the Stock Exchange remained comparatively dull with small price movements. The tendency on the whole was downward both in cotton mill shares and in the miscellaneous group. At the end of the month, Bombay Dyeings were quoted at Rs. 752-8, Kohinoors at Rs. 117-8 and Century at Rs. 192-8. Currimbhoy group of shares were practically unchanged during this period, but the sentiment was somewhat better.

Among the miscellaneous shares Tata Ordys. declined to Rs. 45-14 and Defds. to Rs. 178-2. Tata 2nd Pref. however, were steady at Rs. 101-8 (28th), Tata Hydros fell from Rs. 143-2 to Rs. 139-6 (29th), Tata Power from Rs. 918-12 to Rs. 905, Andhra Valleys by Rs. 8 to Rs. 1,323-12 and Bombay Trams to Rs. 132. Bombay Burmahs were slightly better at Rs. 352-8, while Cement shares were unaltered. Railway shares improved, Ahmedabad, Prantij from Rs. 770 to Rs. 785 and Tapti Valleys to Rs. 717-8. Bank shares were firmer, Imperial Bank fully paid at Rs. 1,255 and partly paid at Rs. 306-14.

Tone improves.

In the first week of December the share market was featureless, but during the succeeding three weeks the tone was definitely better and prices recovered, particularly in the miscellaneous section where there was a demand for Tata Iron & Steels and Cement shares. Tata Iron and Steel Ordys. advanced from Rs. 41-12 to Rs. 50-8 and 2nd Pref. shares from Rs. 99-12 to Rs. 111-8. Bundi Cements improved from Rs. 23-12 to Rs. 25-2, Indian Cements from Rs. 237-8 to Rs. 280-10 and Shahabad Cement from Rs. 250 to Rs. 272-8. Tata Power shares (Ordys.) rose from Rs. 835 to Rs. 891-4 and Andhra Valley Ordys. from Rs. 1,287 to Rs. 1,315. Among railway shares Ahmedabad Prantij improved from Rs. 785 to Rs. 795 and Tapti Valleys were quoted at Rs. 718-12.

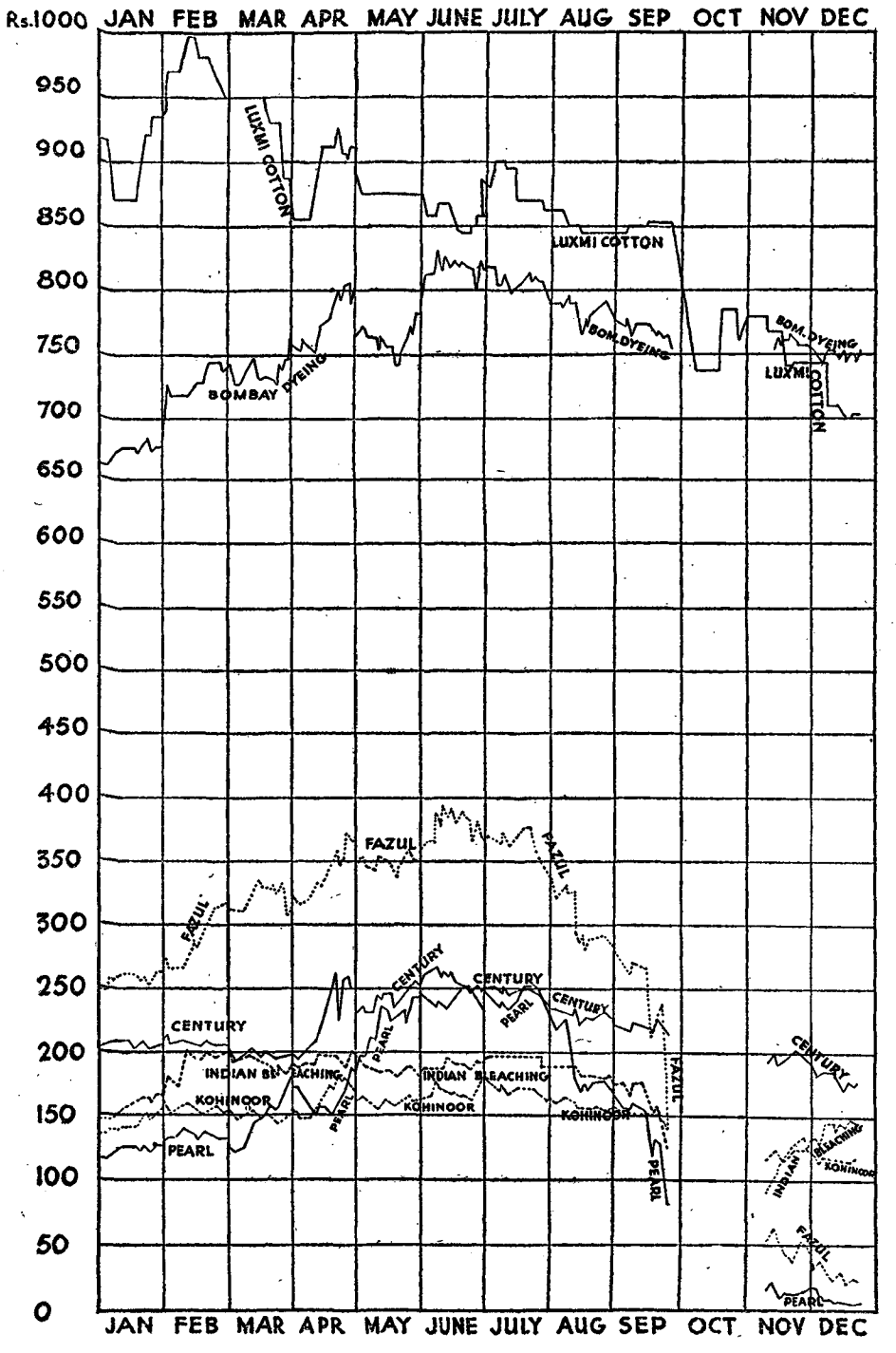
Cotton Mill shares unchanged.

Cotton mill shares were neglected throughout this period and price fluctuations were narrow. Bombay Dyeings after opening at Rs. 752-8 declined to Rs. 737-8 on the 4th but improved gradually and closed at Rs. 751-4. Centurys moved between Rs. 193-12 and Rs. 171-4, and Kohinoors between Rs. 120 and Rs. 115. Among the Currimbhoy mill group shares, the following were the closing quotations: Crescents Rs. 7-4, Fazulbhoys Rs. 21-14, Indore Malwa Rs. 61-4, Kastoorchand Rs. 2-5 and Pearls Rs. 6.

Bank Shares steady.

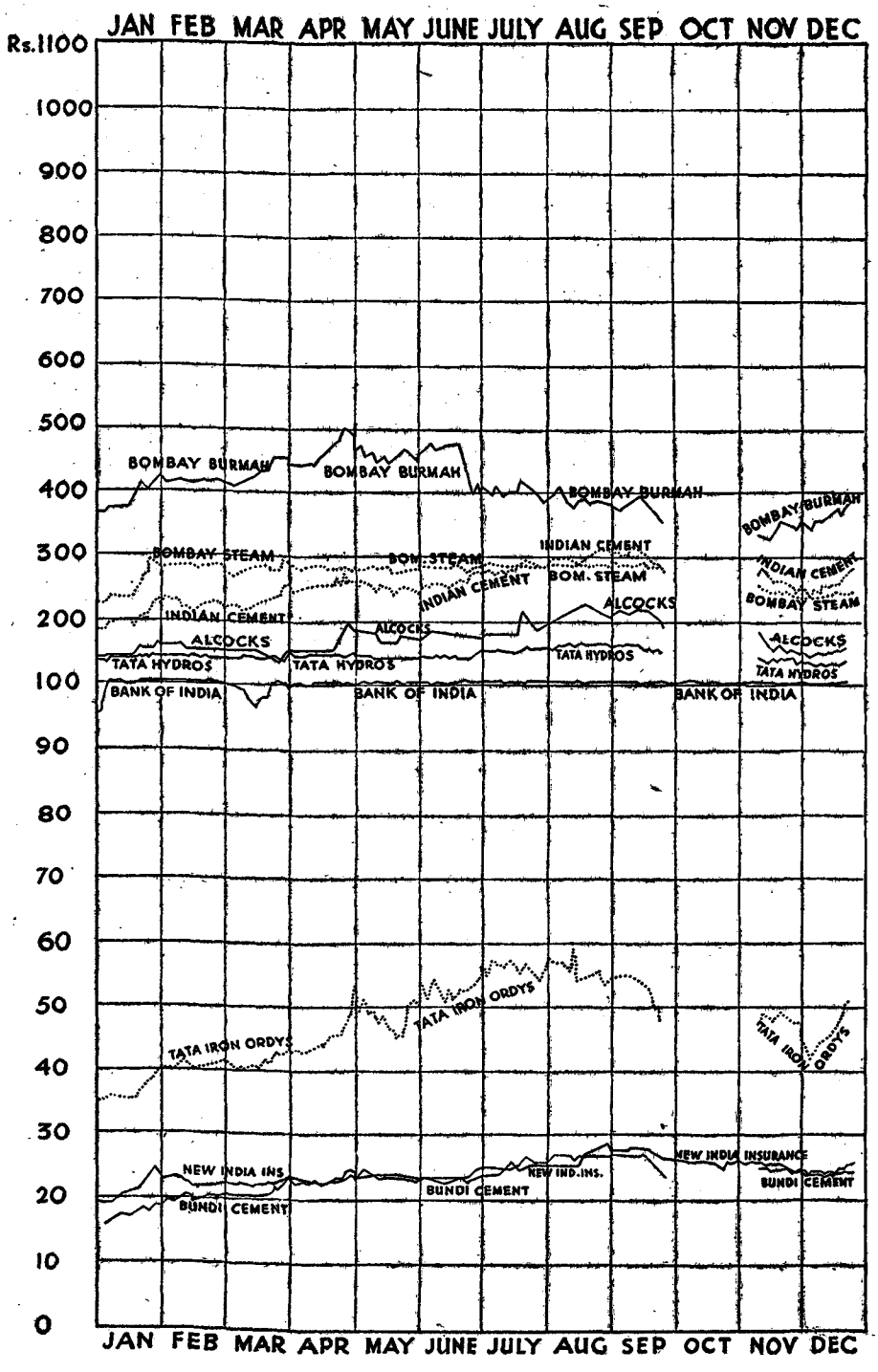
Bank shares remained steady throughout December with small fluctuations. Imperial Banks (fully paid) opened at Rs. 1,245 and after a gradual decline closed at Rs. 1,240, while Contributories improved from Rs. 305 to Rs. 316. Bank of India shares moved between Rs. 103 and Rs. 101-4, and those of the Central Bank between Rs. 23-8 and Rs. 23-12.

COTTON MILL SHARES.



NOTE :—Forward trading was suspended on the Stock Exchange from 25th September to 11th November 1933.

MISCELLANEOUS SHARES, CHART.



NOTE :—Forward trading was suspended on the Stock Exchange from 25th September to 11th November 1933.

STATISTICS.

EXCHANGE VARIATIONS.

Highest and lowest market selling quotations of Ready T. T. on London.

Months.	Highest.	Lowest.	Average.
January 1933.. ..	1s. 6-5/32. (1-13) ..	1s. 6-1/8. (14-31) ..	18·138d.
February	1s. 6-1/8d. (1-20) ..	1s. 6-3/32d. (21-28). ..	18·117d.
March	1s. 6-3/32d. (1-3) ..	1s. 5-29/32d. (7) ..	18·002d.
April	1s. 6-1/32d. (1-20, 27-29).	1s. 5-31/32d. (25) ..	18·022d.
May	1s. 6-1/32d. ..	1s. 6-1/32d. ..	18·031d.
June	1s. 6-1/32d. ..	1s. 6-1/32d. ..	18·031d.
July	1s. 6-1/32d. ..	1s. 6-1/32d. ..	18·031d.
August	1s. 6-1/32d. ..	1s. 6-1/32d. ..	18·031d.
September	1s. 6-1/32d. (1-14, 19-30). ..	1s. 5-15/16d. (15-18) ..	18·000d.
October	1s. 6-1/32d. (1-9) ..	1s. 5-15/16d. (24, 28, 29)	17·994d.
November	1s. 5-31/32d. (1-6) ..	1s. 5-3/4. (18) ..	17·885d.
December	1s. 6-1/32d. (20-30) ..	1s. 5-15/16. (1-4) ..	18·002d.
		Average for the year ..	18·0236d.

GOVERNMENT STERLING REMITTANCES.

Week ending	Sterling remittances through purchases in India by tender and on tap.					By transfer from G.S.R. in England against transfers of gold in India from P. C. R. to G. S. R. in India.
	Amount Remitted.	Purchases by Tender.	Rate.	Purchases on tap.	Rate.	
	£	£		£		£
7- 1-33	1,324,000	1,000,000	1/6-5/32	324,000	1/6-3/16	—5,000,000
14- 1-33	1,222,000	1,000,000	,,	222,000	,,	
21- 1-33	1,004,000	1,000,000	,,	4,000	,,	
28- 1-33	204,000	....	....	204,000	,,	
4- 2-33	200,000	200,000	1/6-5/32	....		
11- 2-33	155,000	155,000	,,	....		
18- 2-33	895,000	895,000	,,	....		
25- 2-33	105,000	....	....	105,000	,,	
4- 3-33	....	....	....	....		
11- 3-33	....	....	....	....		
18- 3-33	....	....	....	....		
25- 3-33	....	25,000	1/6-3/32			
31- 3-33	1,050,000	150,000	,,			
		850,000	1/6-1/16	25,000	1/6-3/32	
1- 4-33	58,000	....	....	58,000	,,	
8- 4-33	709,000	709,000	1/6-1/16			
15- 4-33	728,000	728,000	,,			
22- 4-33	1,033,000	1,033,000	,,			
29- 4-33	140,000	....		140,000	,,	
6- 5-33	976,000	976,000	,,			
13- 5-33	1,490,000	24,000	,,			
		75,000	1/6-3/32			
		925,000	1/6-1/16	466,000	,,	
20- 5-33	1,861,000	275,000	1/6-3/32			
		725,000	1/6-1/16	861,000	,,	
27- 5-33	608,000	385,000	,,	223,000	,,	
3- 6-33	811,000	811,000	,,			
10- 6-33	839,000	839,000	,,			
17- 6-33	1,143,000	1,000,000	,,	143,000	,,	
24- 6-33	417,000	355,000	,,	62,000	,,	
1- 7-33	615,000	470,000	,,	145,000	,,	
8- 7-33	470,000	445,000	,,	25,000	,,	
15- 7-33	886,000	886,000	,,	....		
22- 7-33	552,000	552,000	,,	....		
29- 7-33	1,317,000	1,273,000	,,	44,000	,,	
5- 8-33	335,000	335,000	,,			
12- 8-33	1,004,000	993,600	,,	10,400	,,	
19- 8-33	847,000	847,000	,,			
26- 8-33	559,000	213,000	,,	346,000	,,	
2- 9-33	613,000	613,000	,,			
9- 9-33	235,000	40,000	,,	195,000	,,	
16- 9-33	15,000	....		15,000	,,	
23- 9-33	80,000	80,000	,,			
30- 9-33	220,000	220,000	,,			
7-10-33	644,000	644,000	,,			
14-10-33	666,000	666,000	,,			
21-10-33	490,000	490,000	,,			
27-10-33 to 6-12-33	no tenders	received.				
9-12-33	50,000	50,000	,,			
16-12-33	120,000	120,000	,,			
23-12-33	195,000	195,000	,,			
30-12-33	1,015,000	1,000,000	,,	15,000	,,	
	27,900,000	24,267,600	....	3,632,400	....	—5,000,000

TRADE.

Imports and Exports of Merchandise and Treasure (in lacs of rupees).

Months.	Exports including re-exports.	Imports.	Balance of Trade Merchandise only.	Treasure. —Net Imports. +Net Exports.	Remittances to Secy. of State (adverse to India).	Balance of trade excluding Government Remittances.	The Net balance of trade + in favour — against.
January 1933	11,71·42	10,65·91	+1,05·51	+4,62	— 4,97	+ 5,68	+ 71
February „	12,44·03	9,21·58	+3,22·45	+4,90	— 1,87	+ 8,16	+ 6,29
March „	12,63·27	10,87·65	+1,75·62	+4,89	— 1,37	+ 6,70	+ 5,33
April „	10,41·81	9,69·36	+ 72,45	+4,47	— 1,11	+ 5,21	+ 4,10
May „	10,84·63	9,74·66	+1,09·97	+5,09	— 8,77	+ 6,20	— 2,57
June „	13,00·82	8,68·47	+4,32·35	+5,56	— 4,96	+ 9,91	+ 4,95
July „	12,41·65	8,70·18	+3,71·47	+2,63	— 4,34	+ 6,37	+ 2,03
August „	14,34·13	9,90·72	+4,43·41	+4,43	— 4,52	+ 8,93	+ 4,41
September „	11,61·09	8,74·94	+2,86·15	+5,68	— 1,06	+ 8,56	+ 7,50
October „	12,90·77	10,62·24	+2,28·53	+3,29	— 2,44	+ 5,57	+ 3,13
November „	13,19·37	10,00·84	+3,18·53	+2,41	— 2	+ 5,63	+ 5,61
December „	11,86·46	9,17·71	+2,68·75	+2,27	— 1,93	+ 5,08	+ 3,15
Total for 1933	147,39·45	116,04·26	31,35·19	50,24	37,36	82,00	+ 44.64

Source of information :—Accounts relating to the Sea-borne Trade and Navigation of British India.

CROPS :—SEASONS AND EXPORT VALUE.

Name of Article.	Crops sown.	Crops harvested.	Export commences.	Value of Exports from Dec. 1932 to 30th November 1933.
				In lacs. Rs.
Rice	May/June	November/December..	January.. ..	11,78·73
Jute	May/June	September/October ..	November ..	32,84·19
Cotton	May/June and October	October/November and April/May.	November ..	29,34·29
Tea	....	June/January ..	July	18,68·26
Cottonseed ..	....	October/November ..	December ..	4·15
Maize	July	October/November ..	December ..	0·06
Tilseed	July and October ..	November and March.	December/January.	27·33
Rapeseed ..	August/October ..	February/March ..	April/May ..	91·45
Mustardseed ..	August/October ..	February/March ..	April/May ..	5·49
Gram	September/October ..	February/March ..	May	27·36
Lentils	October	February/March ..	Late March ..	14·58
Peas (Beans) ..	October ..	March	April/May ..	12·71
Linseed ..	October	March/April	May	3,80·79
Barley	October/November ..	March/April	May	0·11
Wheat	October/November ..	April	May	19·71
Groundnut ..	August	December	January	8,01·94

* Value includes raw and manufactured articles.

CURRENCY RETURNS FOR EACH QUARTER.

In lacs of rupees.

During Quarter.	Note Circulation.		Metallic Reserve.		Average Percentage.	During Quarter.	Note Circulation.		Metallic Reserve.		Average Percentage.
	Highest.	Lowest.	Highest.	Lowest.			Highest.	Lowest.	Highest.	Lowest.	
1914.						**1924.**					
Jan.-Mar. ..	66,12	63,94	52,12	49,94	78·46	Jan.-Mar. ..	186,19	184,02	104,50	102,32	55·86
Apr.-June ..	70,26	65,46	56,26	51,46	79·34	Apr.-June ..	181,33	172,49	100,97	98,98	56·52
July-Sept. ..	75,45	60,52	61,45	46,52	79·15	July-Sept. ..	179,26	176,24	107,95	104,89	54·87
Oct.-Dec. ..	61,19	60,78	47,19	46,78	77·04	Oct.-Dec. ..	180,98	179,21	108,86	103,09	58·83
1915.						**1925.**					
Jan.-Mar. ..	61,63	59,55	47,63	45,55	76·89	Jan.-Mar. ..	184,19	181,12	100,00	98,60	54·36
Apr.-June ..	66,48	60,24	52,48	46,24	77·85	Apr.-June ..	183,85	173,23	101,07	95,13	54·93
July-Sept. ..	68,06	63,81	54,06	49,81	78·74	July-Sept. ..	189,51	179,46	112,40	101,07	57·82
Oct.-Dec. ..	63,59	62,06	49,59	48,06	77·71	Oct.-Dec. ..	191,87	189,61	112,50	105,65	57·17
1916.						**1926.**					
Jan.-Mar. ..	67,73	62,42	47,73	45,51	71·68	Jan.-Mar. ..	193,34	190,45	107,23	104,33	55·00
Apr.-June ..	71,39	65,47	48,23	43,25	66·81	Apr.-June ..	191,44	184,91	113,24	106,47	57·82
July-Sept. ..	75,48	71,55	52,42	48,49	68·60	July-Sept. ..	201,09	192,65	125,05	144,41	61·06
Oct.-Dec. ..	82,17	73,32	50,12	41,21	58·60	Oct.-Dec. ..	196,52	181,18	127,88	124,93	66·59
1917.						**1927.**					
Jan.-Mar. ..	86,76	84,36	40,47	37,58	45·59	Jan.-Mar. ..	184,13	180,03	126,79	124,23	68·90
Apr.-June ..	93,29	82,72	32,11	30,64	35·72	Apr.-June ..	181,60	169,68	137,10	133,10	77·40
July-Sept. ..	108,43	99,31	46,95	37,83	40·69	July-Sept. ..	181,81	173,69	144,71	138,23	79·88
Oct.-Dec. ..	114,77	108,31	53,29	46,83	44·83	Oct.-Dec. ..	183,37	178,57	145,34	138,28	78·53
1918.						**1928.**					
Jan.-Mar. ..	104,82	99,79	43,34	38,31	39·86	Jan-Mar. ..	186,28	182,65	137,32	135,12	73·32
Apr.-June ..	114,79	105,96	37,37	36,39	33·45	Apr.-June ..	186,09	177,15	135,36	127,93	72·14
July-Sept. ..	134,38	121,41	48,39	38,75	33·96	July-Sept. ..	184,59	178,11	136,65	130,50	73·64
Oct.-Dec. ..	147,09	136,43	54,77	50,44	37·10	Oct.-Dec. ..	189,10	183,24	136,59	131,80	72·99
1919.						**1929.**					
Jan.-Mar. ..	153,46	149,74	54,88	51,16	34·96	Jan.-Mar. ..	192,47	188,03	132,17	130,92	69·17
Apr.-June ..	162,76	153,72	64,18	55,14	37·65	Apr.-June ..	188,98	182,82	134,86	130,62	71·45
July-Sept. ..	171,86	167,11	72,33	68,53	41·54	July-Sept. ..	187,69	185,02	145,21	136,21	76·15
Oct.-Dec. ..	182,91	175,28	83,38	75,76	44·40	Oct.-Dec. ..	187,21	179,10	145,80	140,27	78·45
1920.						**1930.**					
Jan.-Mar. ..	185,15	174,52	87,66	84,94	48·00	Jan.-Mar. ..	181,60	177,23	143,22	138,32	77·72
Apr.-June ..	170,74	164,34	91,52	84,97	52·65	Apr.-June ..	174,14	163,72	144,66	142,30	84·35
July-Sept. ..	163,87	157,63	94,98	94,21	58·86	July-Sept. ..	172,36	164,71	154,03	145,60	89·15
Oct.-Dec. ..	161,41	159,68	93,79	83,16	55·10	Oct.-Dec. ..	173,06	161,34	155,37	151,73	92·27
1921.						**1931.**					
Jan.-Mar. ..	166,16	163,41	89,74	86,99	53·61	Jan.-Mar. ..	160,99	156,53	151,59	145,29	92·95
Apr.-June ..	171,76	167,32	95,42	90,91	54·94	Apr.-June ..	160,25	152,53	152,94	146,57	95·58
July-Sept. ..	178,37	175,56	103,10	99,16	54·38	July-Sept. ..	156,51	146,22	149,34	136,74	94·74
Oct.-Dec. ..	179,72	172,53	104,31	98,29	57·50	Oct.-Dec. ..	179,30	153,93	136,15	126,55	81·47
1922.						**1932.**					
Jan.-Mar. ..	174,76	173,87	103,84	99,16	58·22	Jan.-Mar. ..	182,31	177,64	125,98	115,71	66·16
Apr.-June ..	176,01	171,76	105,05	100,83	59·19	Apr.-June ..	174,62	167,83	122,66	115,54	70·41
July-Sept. ..	182,26	180,41	113,99	109,41	61·59	July-Sept. ..	175,77	171,66	126,62	123,46	71·90
Oct.-Dec. ..	179,63	174,18	115,42	110,91	63·96	Oct.-Dec. ..	175,91	174,75	130,18	124,29	72·15
1923.						**1933.**					
Jan.-Mar. ..	174,70	172,65	111,37	109,37	63·54	Jan.-March ..	176,89	174,15	137,85	134,83	77·67
Apr.-June ..	173,61	171,23	110,27	107,88	63·25	Apr.-June ..	176,66	175,46	137,84	131,67	76·94
July-Sept. ..	179,29	175,72	121,81	114,36	64·19	July-Sept. ..	179,76	176,97	134,72	132,90	74·87
Oct.-Dec. ..	183,41	178,30	123,34	108,93	64·16	Oct.-Dec. ..	180.04	177,88	134,29	131,73	74·30

PRICE OF GOLD.

Months.	PRICE IN LONDON PER FINE OZ.		
	Highest.	Lowest.	Average.
1933.	s. d.	s. d.	s. d.
January	123 8 (3)	121 1½ (25)	122 5·90
February	122 0 (23)	119 9 (6)	120 8·58
March	121 11½ (2)	118 11 (8)	120 3·62
April	122 9 (29)	118 0 (22)	120 7·70
May	124 8 (2, 5)	122 5 (25)	123 4·54
June	123 0 (30)	122 0 (7, 27)	122 3·48
July	124 10 (11)	122 4½ (1)	123 11·88
August	129 7 (31)	124 0 (1)	125 8·78
September	133 9 (20)	127 7 (12)	131 4·27
October	134 8 (3)	128 1 (24)	131 6·57
November	133 3 (2)	125 1½ (30)	128 8·86
December	127 0 (11)	124 8 (4)	126 2·62
		Average for the year ..	124*s.* 10·401*d.*

Months.	PRICE IN BOMBAY PER TOLA (for Ready).		
	Highest.	Lowest.	Average.
1933.	Rs. a. p.	Rs. a. p.	Rs. a. p.
January	30 7 0 (13)	29 12 3 (25)	30 3 7
February	30 1 0 (23)	29 5 0 (15)	29 10 6
March	29 15 9 (14)	29 6 6 (5)	29 11 2
April	30 2 3 (12)	28 11 0 (24)	29 11 11
May	31 2 0 (2)	30 4 6 (27, 28)	30 7 0
June	30 8 6 (30)	30 2 3 (21)	30 4 2
July	31 0 9 (12)	30 7 0 (3)	30 11 11
August	32 4 0 (29)	30 11 9 (1)	31 1 0
September	33 1 6 (20)	31 9 9 (12)	32 8 9
October	33 7 0 (4)	32 2 6 (20)	32 12 4
November	33 1 9 (2)	31 0 0 (27)	32 5 8
December	31 10 0 (6)	31 0 3 (4)	31 4 2
		Average for the year ..	30 14 4

IMPORTS, EXPORTS, OFF-TAKE AND STOCKS OF GOLD—1933.

Months.	Monthly import value of bar gold and coin into British India.	Monthly Export of bar gold and coin from British India.		Monthly estimated off-take in Bombay.	Estimated stock at the end of each month in Bombay.
		Value.	Ozs.		
1933	Rs.	Rs.		Tolas.	Tolas.
January ..	12,73,833	4,76,28,256	592,627	70,000	2,00,000
February ..	7,25,176	4,95,88,974	627,481	70,000	2,50,000
March ..	10,22,326	4,98,28,959	628,767	75,000	3,50,000
April ..	6,13,308	4,55,59,311	573,779	75,000	3,00,000
May ..	20,24,236	5,21,92,332	642,770	90,000	3,00,000
June ..	13,33,492	5,62,50,139	694,347	1,00,000	4,00,000
July ..	8,45,560	2,59,75,167	315,400	12,0,000	6,00,000
August ..	8,98,975	4,46,29,873	541,923	1,00,000	5,00,000
September ..	8,27,883	5,70,10,948	658,938	1,00,000	5,50,000
October ..	8,63,517	3,43,55,329	390,409	70,000	5,00,000
November ..	7,13,404	2,53,22,542	291,405	75,000	10,00,000
December ..	10,55,804	2,42,06,980	290,249	75,000	11,00,000
Total ..	1,21,97,514	51,25,48,810	6,248,095	10,20,000	....

PRICE OF BAR SILVER.

Months.	PRICE IN LONDON PER STANDARD OUNCE (Ready).		
	Highest.	Lowest.	Average.
1933.	d.	d.	d.
January	17 1/16 (24, 30)	16 1/2 (2, 3)	16·8825
February	17 5/16 (23, 24)	16 9/16 (11, 13)	16·8850
March	18 7/16 (9)	17 (2)	17·5880
April	20 7/16 (25)	17 1/4 (3, 4)	18·4400
May	20 1/2 (1)	18 1/4 (15, 16)	19·0460
June	19 9/16 (15)	18 3/8 (29)	19·0775
July	18 15/16 (5)	17 7/8 (10, 26)	18·3413
August	18 1/8 (30)	17 3/4 (2, 15, 17, 25)	17·8774
September	18 1/2 (19, 23, 26)	18 1/16 (1, 6, 7, 9)	18·2716
October	18 1/2 (2,5, 6, 9)	17 3/4 (17)	18·2211
November	18 5/8 (7, 13)	18 1/4 (23)	18·4279
December	19 1/16 (22,29,30)	18 7/16 (1)	18·6745
Average for the year			18·1444

Months.	PRICE IN BOMBAY PER 100 TOLAS (Ready).		
	Highest.	Lowest.	Average.
1933.	Rs. a.	Rs. a.	Rs. a. p.
January	51 5 (19,20, 24, 26)	49 3 (3)	50 8 11
February	53 6 (24)	49 3 (15)	50 13 1
March	60 0 (12)	53 5 (1)	56 0 7
April	59 14 (25, 26)	54 13 (5, 6, 8)	57 0 7
May	59 12 (1)	55 13 (16)	57 10 3
June	58 5 (10)	56 8 (23)	57 8 5
July	58 0 (23)	55 11 (11)	56 11 5
August	56 7 (2)	54 7 (15)	55 6 8
September	56 13 (18)	55 4 (6)	56 2 2
October	56 10 (30, 31)	55 14 (17, 18)	56 4 4
November	57 1 (13)	56 2 (28, 29)	56 10 5
December	56 7 (14)	52 15 (20)	54 14 5
Average price for the year			55 7 7¼

Note:—The price in Bombay includes import duty of Rs. 17-9-3 from 1st October 1931.

IMPORTS, EXPORTS, OFF-TAKE AND STOCKS OF SILVER—1933.

Months.	Monthly imports of silver bars (bullion) into British India.	Monthly exports of silver bullion (on Government and private account).	Monthly estimated off-take in Bombay.*	Monthly estimated stock of silver at the end of each month.
1933	(Standard	Ounces).	(In bars of	2,800 tolas.)
January ..	531,311	7,284,410	2,400	7,000
February ..	17,717	2,870,342	3,000	5,000
March ..	244,458	702,264	1,100	4,500
April ..	590,460	349,709	600	6,700
May ..	775,177	3,554,291	1,500	8,000
June .	1,096	14,390,026	900	10,000
July .	3,972	14,761,863	750	10,000
August .	105,877	1,967,544	1,000	10,000
September .	6,077	2,880,247	700	9,000
October .	6,325	5,948,722	700	9,000
November .	519,266	527,495	700	9,000
December .	641,558	2,705,348	700	9,000
Total ..	34,43,294	58,542,261	14,050	....

* The above off-take are exclusive of Shipments on private account to London and Shanghai.

GOVERNMENT SECURITIES.

RUPEES.

Security.	When Issued.	Amount outstanding as at 30th Septr. 1933.	When Repayable.	Dates when interest is due.
		Rs.		
3 per cent. Loan	1896	3,16,72,000	At the option of Government after three months' notice.	June 30, Dec. 31.
3½ per cent. Loan	1843	23,28,52,000		Feb. 1, Aug. 1.
Do.	1854	22,50,35,000		June 30, Dec. 31.
Do.	1865	37,17,97,000		May 1, Nov. 1.
Do.	1879	2,90,26,000		Jan. 16, July 16.
Do.	1900	36,14,97,000		June 30, Dec. 31.
3½ per cent. Bonds	1933	30,81,74,000	After 15th Nov. 1947, at 3 months' notice but not later than 15th Nov. 1950.	May 15, Nov. 15.
4 per cent. Loan	1926	63,30,26,000	On or before 15th Sept. 1970 but not preceding 15th Sept. 1960 at three months' notice.	March 15, Sept. 15.
4 per cent. Loan	1927	19,53,79,000	On or before 1st August 1937 but not preceding 1st August 1934 with three months' previous notice.	August 1, Feb. 1.
4 per cent Bonds	1933	14,97,18,000	1st August 1943.	Feb. 1, Aug. 1.
4½ per cent. Bonds	1928	13,00,51,000	On 15th Sept. 1934 ..	March 15, Sept. 15.
4½ per cent. Loan	1928	9,05,70,000	On or before Sept. 15, 1960, but not preceding 15th Sept. 1955, with 3 months' previous notice	March 15, Sept. 15.
5 per cent. Ten Year Bonds ..	1925	11,43,40,000	Sept. 15, 1935	March 15, Sept. 15.
5 per cent. Income-tax free Loan *	1919	56,74,94,000	After Oct. 15, 1945, at three months' notice and not later than Oct. 15, 1955.	April 15, Oct. 15.
Do. ..	1923			
Do. ..	1924			
5 per cent. Loan	1929	27,78,12,000	After July 15, 1939, at three months' notice and not later than July 15, 1944.	Jan. 15, July 15.
6½ per cent. Treasury Bonds ..	1931	16,10,20,000	Sept. 15, 1935	Mar. 15, Sept. 15.
6½ per cent. Bombay Development Loan *	1920	9,38,93,300	Nov. 1, 1935	May 1, Nov. 1.
5½ per cent. Bonds	1932	19,13,90,000	On or before 1st October 1940 but not preceding 1st Oct. 1938 with three months' previous notice.	April 1, Oct. 1.
5 per cent. Bonds	1932	25,18,48,000	On or before 1st October 1943 but not preceding 1st October 1940 with three months' previous notice.	April 1, Oct. 1.
Post Office Cash Certificates & ,, ,, Savings Bank Deposits ..		1,08,97,69,000		
Treasury Bills		73,62,80,000		
Prov. Funds & other unfunded debt		78,57,46,000		
Total Rs.		7,02,83,89,300		

The interest on Loans marked * is exempt from Income-tax, but not from Super-tax. It will be taken into account in determining the rate at which Income-tax will be levied on other income.

GOVERNMENT SECURITIES.

STERLING.

Description.	When issued.	Total sum raised.	Amount outstanding as on 31st Dec. 1933.	Date of termination of Loan.	When Int. due.
		£	£		
India 4½ per cent.	1922-23 ..	40,000,000	39,852,418	If not previously redeemed, will be repaid at par on 15th May 1955 with right to redeem at par on, or on any half yearly int. date after 15th May 1950 at 3 months' notice.	May 15. November 15.
India 4½ per cent. Stock.	1928 ..	17,500,000	17,500,000	If not previously redeemed, will be paid at par on 1st June 1968 with right to redeem at par on, or on any half yearly int. date after 1st June 1958 on giving 3 months' notice.	December 1. June 1.
India 3½ per cent. Stock.	Between 1887 & 1912.	88,767,884	88,667,884	Not redeemable until 5th January 1931, but on or after that day upon one year's notice.	January 5. April 5. July 5. October 5.
India 3 per cent. Stock.	Between 1894 & 1921-24.	77,065,347	77,024,185	Not redeemable until 5th October 1948, but on or after that day upon one year's notice.	January 5. April 5. July 5. October 5.
India 2½ per cent. Stock.	1896-98 ..	11,539,986	11,539,986	Redeemable at any time at Government's option with one year's previous notice.	January 5. April 5. July 5. October 5.
India 6 per cent. ..	Oct. 15, 1930.	12,000,000	11,952,500	On 15th October 1935 or on any interest date thereafter at three months' notice, but not later than 15th October 1937.	April 15. October 15.
India 5½ per cent. Stock "A".	1931 ..	17,181,249	16,950,330	On 15th July 1936 or on any half yearly interest date thereafter at 3 months' notice but not later than 15th July 1938.	January 15. July 15.
5 per cent. Stock ..	1932 ..	10,000,000	10,000,000	If not redeemed on 15th June 1942, will be repaid at par after 3 months' notice but not later than 15th June 1947.	June 15. December 15.
4 per cent. Stock ..	May 11, 1933	12,000,000	12,000,000	If not redeemed on 15th December 1948, will be repaid at par after 3 months' notice but not later than 15th December 1953.	June 15. Dec. 15.
India 3½ per cent. Stock.	Nov. 9, 1933	10,000,000	10,000,000	If not redeemed on 15th December 1954, will be repaid at par after 3 months' notice but not later than 15th December 1959.	June 15. December 15.
		Total Debt in England	295,487,303	@ 1s. 6d=Rs. 393.98 crores.	

TREASURY BILLS OUTSTANDING ON 31ST DECEMBER 1933.

Approximate due date.	Amount Issued.	Average Rate.	Tenure.	Date of Issuance.
	Rs.	Rs. a. p.		
26th December to 4th January 1934 ..	1,40,75,000	99 12 9	3 months	26th September to 4th October 1933.
6th January 1934	1,50,00,000	0 15 5	3 ,,	6th October 1933.
6th to 9th January 1934	10,25,000	99 12 6	3 ,,	6th to 9th October 1933.
11th to 16th January 1934	7,00,000	99 12 0	3 ,,	11th to 16th October 1933.
13th January 1934	1,50,00,000	1 1 9	3 ,,	13th October 1933.
18th to 23rd January 1934	3,75,000	99 11 6	3 ,,	18th to 23rd October 1933.
21st January 1934	1,50,00,000	1 3 8	3 ,,	21st October 1933.
25th to 30th January 1934	32,00,000	99 10 6	3 ,,	25th to 30th October 1933.
27th January 1934	1,50,00,000	1 7 8	3 ,,	27th October 1933.
TOTAL ..	7,93, ,			
1st to 6th February 1934	10,75,000	99 10 0	3 months	1st to 6th November 1933.
3rd February 1934	1,50,00,000	1 9 10	3 ,,	3rd November 1933.
8th to 13th February 1934	93,00,000	99 9 6	3 ,,	8th to 13th November 1933.
10th February 1934	1,50,00,000	1 11 2	3 ,,	10th November 1933.
15th to 20th February 1934	98,00,000	99 9 0	3 ,,	15th to 20th November 1933.
17th February 1934	1,50,00,000	1 13 6	3 ,,	17th November 1933.
22nd to 27th February 1934	18,00,000	99 8 0	3 ,,	22nd to 27th November 1933.
24th February 1934	2,00,00,000	2 1 10	3 ,,	24th November 1933
TOTAL ..	8,69,75,000			
28th February to 4th March 1934 ..	1,98,25,000	99 6 6	3 months	29th November to 4th December 1933.
1st March 1934	2,50,00,000	2 7 0	3 ,,	1st December 1933.
6th to 11th March 1934	1,12,00,000	99 6 3	3 ,,	6th to 11th December 1933.
8th March 1934	2,50,00,000	2 8 0	3 ,,	8th December 1933.
13th to 18th March 1934	68,75,000	99 6 3	3 ,,	13th to 18th December 1933.
15th March 1934	2,50,00,000	2 8 0	3 ,,	15th December 1933.
22nd March 1934	2,50,00,000	2 9 9	3 ,,	22nd December 1933.
20th to 30th March 1934	45,75,000	99 6 0	3 ,,	20th to 30th December 1933.
TOTAL ..	14,24,75,000			
GRAND TOTAL ..	30,88,25,000			

STATEMENT OF LOANS RAISED BY THE BOMBAY MUNICIPALITY.

Date of Issue.	Rate of Interest.	Amount outstanding on 31st December 1933.	Dates on which half-yearly payments of Interest are due.	When payable.
		Rs.		
1863 ..	4 per cent.	15,10,372	1st of each month.	By monthly equated payments.
Between 5th January 1886 and 24th December 1891 ..	5 per cent.	92,08,500	1st April, 1st October.	Between 1st January 1943 and 1st January 1953.
1894-95 ..	4 per cent.	23,25,000	1st January, 1st July.	1st July 1935.
1896-99 ..	3½ per cent.	10,00,000	,, ,,	1st July 1936.
	4 per cent.	5,75,000		
1899 ..	,,	25,00,000	1st May, 1st November.	1st November 1939.
1899-1900 ..	,,	19,25,000	1st June, 1st December.	1st June 1940.
1901-03 ..	,,	24,75,000	,, ,,	1st June 1943.
1904 ..	,,	12,75,000	1st February, 1st August.	1st August 1934.
1905-07 ..	,,	24,75,000	,, ,,	1st August 1946.
1908 ..	,,	13,50,000	1st May, 1st November.	1st May 1938.
1909 ..	,,	15,00,000	,, ,,	1st May 1949.
1909-10 ..	,,	30,00,000	,, ,,	1st May 1949.
1911-13 ..	,,	55,00,000	1st June, 1st December.	1st June 1942.
1913-14 ..	,,	70,00,000	,, ,,	1st June 1954 and 1st June 1974.
1913-15 ..	,,	20,00,000	1st May, 1st November.	1st May 1955.
1915 ..	,,	43,00,000	,, ,,	1st May 1945.
1920 ..	5 per cent.	10,00,000	1st January, 1st July.	1st July 1980.
1920 ..	4 per cent.	30,00,000	,, ,,	1st January 1951.
1920 ..	6½ per cent.	50,00,000	1st May, 1st November.	1st Nov. 1935-1950.
1921 ..	,,	75,00,000	,, ,,	1st Nov. 1936-1951.
1922 ..	5½ per cent.	40,01,792	31st March (yearly).	By annual equated payments.
1922 ..	4¾ per cent.	19,63,802	,, ,,	,, ,,
1922-23 ..	5½ per cent.	94,09,528	,, ,,	,, ,,
1922-23 ..	6 per cent.	20,71,807	,, ,,	,, ,,
1923-24 ..	,,	2,00,82,739	,, ,,	,, ,,
1924 ..	,,	53,70,021	,, ,,	,, ,,
1924-25 ..	5¾ per cent.	1,28,65,092	,, ,,	,, ,,
1924-25 ..	5½ per cent.	44,29,361	,, ,,	,, ,,
1924 ..	6 per cent.	67,77,000	1st June, 1st December.	1st December 1954.
1924-25 ..	,,	92,23,000	,, ,,	,, ,,
1926 ..	5½ per cent.	35,43,493	31st March (yearly).	By annual equated payments.
1926-27 ..	5 per cent.	62,83,350	,, ,,	,, ,,
1928 ..	,,	36,67,323	,, ,,	,, ,,
1928 ..	,,	25,00,000	1st January, 1st July.	1st January 1958.
1929 ..	,,	26,21,500	1st August, 1st February.	1st August 1959.
1929 ..	,,	26,14,000	,, ,,	1st ,, 1949-59.
1929 ..	,,	8,45,500	,, ,,	1st ,, 1954-59.
1930 ..	6 per cent.	40,00,000	1st June, 1st December.	1st Dec. 1950 or thereafter at 3 months' notice but not later than 1st Dec. 1960.
Total ..		16,86,88,180		

STATEMENT OF LOANS RAISED BY THE BOMBAY IMPROVEMENT TRUST TO END OF 1933.

Description of Loans (all for 60 years).	When issued.	Amount raised in lacs of rupees.	Rate of Interest.	Dates on which half-yearly payments of interest are due.	
Rupee Coupon Debenture Loan	1899	50·00	4 per cent.	1st May, 1st Nov.	
Debenture Loan	1901	30·00	Do.	1st Jan., 1st July.	
Do. do.	1902	30·00	Do.	Do.	do.
Do. do.	1903	60·00	Do.	Do.	do.
Do. do.	1904	50·00	Do.	Do.	do.
Do. do.	1905	30·00	Do.	Do.	do.
Do. do.	1906	20·00	Do.	Do.	do.
Do. do.	1907	15·00	Do.	Do.	do.
Do. do.	1908	30·00	Do.	Do.	do.
Sterling Coupon Debenture Loan	1909	84·99	Do.	Do.	do.
Do.	1910	49·95	Do.	Do.	do.
Debenture Loan	1912	25·00	Do.	Do.	do.
Do. do.	1913	18·00	Do.	Do.	do.
Do. do.	1914	50.00	Do.	Do.	do.
Do. do.	1916	25·00	Do.	Do.	do.
Do. do.	1919	40·00	5 per cent.	1st May, 1st Nov.	
Do. do.	1920	70·00	6 ,,	Do.	do.
Do. do.	1920	275·00	6 ,,	Do.	do. *
Do. do.	1921	200·00	6 ,,	Do.	do. *
Do. do.	1922-23	172·00	6 ,,	31st March (annually).	*
Do. do.	1923-24	29·00	6 ,,	Do.	*
Do. do.	1924-25	100·00	6 ,,	Do.	*
Do. do.	1925-26	70·00	5½ ,,	Do.	*
Do. do.	1926	25·00	5 ,,	1st Jan., 1st July.	
Do. (43 year Loan) ..	1927	25·00	4 ,,	Do.	do.
Do. (60 year Loan) ..	1928	20·00	4½ ,,	Do.	do.
Do. (60 year Loan) ..	1929	25·00	5½ ,,	Do.	do.
Do. (6 year Loan) ..	1930	20·00	6 ,,	Do.	do.
Do. (do.) ..	1931	30·00	6½ ,,	Do.	do.
Do. (50 years) ..	1932	35·00	6¼ ,,		
Do. (51 years) ..	1932	8·00	5½ ,,		
Do. (10 years) ..	1933	10·00	5 ,,		
Total ..		17,21·94			

* Debenture of six loans aggregating Rs. 8.46 crores are issued to the Government of Bombay and are to be repurchased by the Trust under agreement.

STATEMENT OF LOANS RAISED BY THE BOMBAY PORT TRUST TO THE END OF DECEMBER 1933.

Description of Loan.	Amount raised.	Rate of Interest.	Dates on which half-yearly payments of interest are due.	When redeemable.
	Rs.			
Foreshore Securities (Guaranteed) ..	75,42,800	4%	1st April, 1st Oct.	After expiration of three months' notice to be given by the Trustees.
Debenture Loans (unguaranteed).				
1904 (60 yrs.) ..	36,50,000	4%	1st Jan., 1st July.	1st Nov. 1964.
1905 „ ..	35,00,000	„	1st Feb., 1st Aug.	1st Nov. 1965.
1906 „ ..	15,00,000	„	1st March, 1st Sept.	1st Feb. 1967.
1906 (30 yrs.) ..	6,00,000	„	„ „	1st Feb. 1937.
1907 (60 yrs.) ..	44,00,000	„	1st May, 1st Nov.	1st Feb. 1968.
1908 „ ..	75,00,000	„	1st March, 1st Sept.	1st Feb. 1969.
1909 „ ..	40,00,000	„	1st Jan., 1st July.	1st Jan. 1970.
1910 „ ..	56,00,000	„	1st April, 1st Oct.	1st Jan. 1971.
1911 „ ..	75,00,000	„	1st June, 1st Dec.	1st Jan. 1972.
1912 „ ..	1,10,00,000	„	1st Feb., 1st Aug.	1st Feb. 1973.
1913 (47 yrs.) ..	14,35,876	„	1st April, 1st Oct.	31st March 1960.
1913 (60 yrs.) ..	80,00,000	„	1st Jan., 1st July.	1st Jan. 1974.
1914 („) ..	88,25,000	„	1st April, 1st Oct.	1st Jan. 1975.
1914 (30 yrs.) ..	38,75,000	„	1st May, 1st Nov.	1st Nov. 1944.
1915 (45 „) ..	10,00,000	„	1st April, 1st Oct.	31st March 1960.
1915 (60 „) ..	55,00,000	„	1st June, 1st Dec.	5th Oct. 1975.
1916 (20 „) ..	25,00,000	4½%	1st May, 1st Nov.	1st Nov. 1936.
1922 (37⅓ „) ..	61,61,000	4%	1st June, 1st Dec.	31st March 1960.
1924 (35½ „) ..	11,51,000	„	1st April, 1st Oct.	31st March 1960.
1926 (35$\frac{5}{12}$ „) ..	10,25,000	3½%	1st May, 1st Nov.	31st March 1960.
1929 (30 „) ..	35,00,000	„	1st Feb., 1st Aug.	1st Aug. 1959.
1930 (20 „) ..	38,50,000	4%	1st Jan., 1st July.	1st Jan. 1950.
1930 (30 yrs.) ..	12,50,000	3½%	1st May, 1st Nov.	1st Nov. 1960.
1931 („) ..	12,50,000	„	„ „	1st Nov. 1961.
1932 („) ..	13,50,000	„	1st March, 1st Sept.	1st Sept. 1962.
Loans in England.				
1909 (30 yrs.) ..	66,66,666* (£500,000)	4%	1st Jan., 1st July.	1st July 1939.
1910 („) ..	66,66,666* (£500,000)	„	„ „	1st July 1940.
1922 („) ..	2,13,33,333* (£1,600,000)	6%	1st Feb., 1st Aug.	1st Aug. 1952.
Grand Total ..	14,21,32,341			

* Exchange calculated at 1*s.* 6*d.* to the rupee.

PRICES OF GOVERNMENT SECURITIES—1933.

—	3½ per cent. Govt. paper.	3½ per cent Loan. 1947-50.	4 per cent. Loans. 1931-36.	4 per cent. Loans. 1934-37.	4 per cent. Loans. 1943.	4 per cent. Loans. 1960-70.	4½ per cent. Loans. 1934.	4½ per cent. Loans. 1955-60.	5 per cent. Loans. 1929-47.	5 per cent. Loans. 1935.	5 per cent. Loans. 1939-44.	5 per cent. Loans. 1940-43.	5 per cent. Loans. 1933.	5 per cent. Loans. 1945-55.	5½ per cent. Loan. 1938-40	6 per cent. Bonds. 1933-36.	6½ per cent. Treasury Bonds. 1935.	6½ per cent. Bombay Development Loan. 1935.
	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
Jan. Highest	81 0 0	..	100 2 0	100 4 0	99 8 0	93 2 0	101 8 0	101 8 0	101 10 0	102 12 0	104 10 0	104 14 0	101 9 0	110 0 0	105 14 0	101 15 0	106 2 0	107 2 0
Lowest	74 4 0	..	98 12 0	98 6 0	99 2 0	85 8 0	100 14 0	95 12 0	100 11 0	101 14 0	102 9 0	102 9 0	101 8 0	107 1 0	104 10 0	101 6 0	105 12 0	106 14 0
Average	77 7 6	..	99 6 3	99 5 8	99 4 6	89 6 1	101 5 11	98 7 4	101 2 10	102 9 5	103 12 8	103 13 11	101 8 5	108 5 0	105 6 3	101 12 0	106 0 0	107 0 1
Feb. Highest	83 6 0	..	101 6 0	101 3 0	100 14 0	95 0 0	101 9 0	103 10 0	102 4 0	103 15 0	105 6 0	105 13 0	103 6 0	111 14 0	107 2 0	103 4 0	106 12 0	108 0 0
Lowest	80 8 0	..	100 2 0	100 6 0	99 8 0	93 2 0	101 6 0	101 8 0	100 11 0	102 12 0	104 8 0	104 14 0	101 10 0	110 2 0	105 14 0	101 10 0	106 2 0	107 2 0
Average	82 3 0	..	100 15 7	100 15 4	100 5 0	94 0 6	101 7 9	102 15 7	101 6 6	103 8 6	105 0 3	105 6 0	102 8 0	111 3 1	106 7 10	102 7 0	106 9 1	107 10 9
March Highest	87 14 0	..	101 9 0	101 15 0	101 12 0	99 8 0	102 6 0	105 2 0	101 4 0	104 4 0	106 1 0	106 6 0	102 12 0	113 2 0	107 10 0	102 12 0	107 12 0	108 12 0
Lowest	81 7 0	..	101 0 0	101 4 0	100 3 0	93 6 0	101 8 0	102 14 0	100 4 0	103 10 0	104 12 0	105 2 0	101 4 0	110 12 0	106 8 0	101 6 0	106 5 0	108 0 0
Average	83 15 4	..	101 3 8	101 7 11	100 11 3	95 11 0	101 15 1	103 9 0	100 5 8	103 15 6	105 4 6	105 10 0	101 10 2	111 12 2	107 0 3	101 9 10	106 14 3	108 4 1
April. Highest	89 2 0	..	100 8 0	101 12 0	101 13 0	100 4 0	102 5 0	106 3 0	100 4 0	104 4 0	106 6 0	106 11 0	101 7 0	113 3 0	107 14 0	101 6 0	107 12 0	108 12 0
Lowest	86 12 0	..	100 0 0	101 2 0	101 7 0	93 8 0	101 15 0	105 2 0	100 0 0	104 0 0	106 0 0	106 6 0	100 12 0	112 10 0	107 6 0	100 10 0	107 5 0	108 2 0
Average	87 11 4	..	100 3 9	101 7 2	101 9 2	99 3 2	102 2 5	105 12 10	100 2 1	104 2 6	106 3 0	106 8 0	101 1 7	112 8 0	107 9 2	101 0 3	107 9 1	108 6 3
May. Highest	88 3 0	96 0 0	100 0 0	100 15 0	101 8 0	99 11 0	102 0 0	106 0 0	100 0 0	103 15 0	106 0 0	106 8 0	100 11 0	112 13 0	107 8 0	100 14 0	107 8 0	108 1 0
Lowest	79 8 0	91 0 0	100 0 0	100 11 0	100 0 0	91 8 0	101 15 0	101 14 0	100 0 0	103 2 0	104 0 0	104 8 0	100 8 0	109 6 0	106 0 0	100 8 0	105 12 0	106 0 0
Average	83 7 10	93 2 0	100 0 0	100 11 11	100 9 6	95 11 5	101 10 0	103 13 4	100 0 0	103 7 10	104 10 11	105 4 0	100 9 2	110 10 0	106 9 7	100 11 2	106 6 8	106 13 5
June. Highest	81 9 0	92 4 0	100 0 0	100 14 0	100 6 0	96 0 0	101 15 0	102 0 0	..	103 8 0	104 7 0	104 14 0	100 10 0	110 13 0	106 6 0	100 10 0	106 7 0	106 14 0
Lowest	79 8 0	90 14 0	100 0 0	100 11 0	100 2 0	93 6 0	101 8 0	101 8 0	..	103 4 0	104 0 0	104 2 0	100 8 0	109 6 0	106 4 0	100 8 0	106 0 0	106 8 0
Average	80 9 0	91 8 0	100 0 0	100 12 11	100 4 3	94 3 3	101 12 8	101 12 5	..	103 5 10	104 3 10	104 8 10	100 9 2	109 14 8	106 5 0	100 8 9	106 3 5	106 8 8
July. Highest	86 2 0	94 14 0	..	102 4 0	101 14 0	98 7 0	102 8 0	105 6 0	..	104 13 0	106 10 0	106 12 0	100 9 0	113 2 0	107 14 0	100 8 0	107 10 0	107 13 0
Lowest	80 10 0	91 2 0	..	101 0 0	100 4 0	95 5 0	101 15 0	101 9 0	..	103 8 0	104 3 0	104 6 0	100 3 0	110 14 0	106 6 0	100 1 0	106 6 0	107 0 0
Average	83 6 3	93 9 3	..	101 13 5	101 5 3	97 3 8	102 6 6	103 10 7	..	104 5 8	105 14 3	106 1 5	100 5 10	112 9 11	107 7 4	100 4 11	107 4 0	107 8 10
Aug. Highest	85 12 0	95 0 0	..	101 14 0	102 4 0	98 6 0	102 8 0	105 8 0	..	104 10 0	106 15 0	107 1 0	100 3 0	113 7 0	108 3 0	100 1 0	107 9 0	108 4 0
Lowest	84 9 0	94 9 0	..	101 12 0	101 10 0	97 9 0	102 4 0	105 4 0	..	104 8 0	106 9 0	106 12 0	100 0 0	112 15 0	107 14 0	100 0 0	107 8 0	107 12 0
Average	85 2 11	94 11 9	..	101 13 4	101 15 9	97 15 7	102 6 5	105 6 0	..	104 8 7	106 11 10	106 13 9	100 1 8	113 3 7	108 0 1	100 0 10	107 8 6	107 14 9
Sept. Highest	85 12 0	95 2 0	..	101 15 0	102 7 0	98 10 0	102 6 0	105 11 0	..	104 10 0	107 4 0	107 4 0	..	113 9 0	108 11 0	..	107 8 0	108 6 0
Lowest	83 6 0	93 14 0	..	101 9 0	101 15 0	97 15 0	101 15 0	105 8 0	..	104 0 0	106 14 0	106 12 0	..	113 3 0	107 9 0	..	106 10 0	108 0 0
Average	84 7 5	94 1 0	..	101 12 3	102 3 5	98 4 10	102 2 7	105 9 4	..	104 6 10	107 1 5	107 0 7	..	113 6 4	108 5 10	..	107 1 6	108 3 4
Oct. Highest	83 13 0	93 14 0	..	101 11 0	101 15 0	98 9 0	101 15 0	105 8 0	..	104 2 0	106 12 0	106 12 0	..	113 15 0	107 11 0	..	106 11 0	108 0 0
Lowest	82 6 0	92 12 0	..	101 4 0	101 8 0	98 1 0	101 8 0	105 2 0	..	103 10 0	106 1 0	105 15 0	..	113 7 0	107 6 0	..	106 4 0	107 2 0
Average	83 2 10	93 5 4	..	101 9 0	101 11 4	98 5 4	101 10 3	105 4 7	..	103 15 0	106 7 0	106 5 7	..	113 11 9	107 9 6	..	106 7 3	107 9 6
Nov. Highest	83 14 0	93 5 0	..	101 4 0	101 8 0	98 9 0	101 11 0	105 4 0	..	104 3 0	106 0 0	105 14 0	..	114 0 0	107 7 0	..	106 12 0	107 7 0
Lowest	81 6 0	92 5 0	..	100 6 0	100 14 0	97 14 0	101 1 0	105 0 0	..	103 2 0	105 2 0	104 15 0	..	113 14 0	106 14 0	..	105 13 0	106 6 0
Average	82 6 0	92 14 9	..	100 15 1	101 2 6	98 3 4	101 7 6	105 1 1	..	103 14 10	105 9 6	105 8 4	..	113 15 0	107 4 1	..	106 9 5	107 2 0
Dec. Highest	82 2 0	94 6 0	..	100 10 0	100 14 0	98 8 0	101 2 0	105 2 0	..	103 9 0	105 2 0	105 2 0	..	113 14 0	106 14 0	..	105 8 0	106 4 0
Lowest	80 10 0	93 4 0	..	100 4 0	100 5 0	97 15 0	100 11 0	104 13 0	..	102 12 0	104 4 0	104 5 0	..	113 5 0	106 4 0	..	104 12 0	105 13 0
Average	81 6 9	93 12 11	..	100 6 10	100 9 5	98 4 7	100 14 4	105 0 3	..	103 2 5	104 10 7	104 12 11	..	113 7 8	106 9 8	..	105 4 9	105 15 6
Highest of the year.	89 2 0	96 0 0	101 9 0	102 4 0	102 7 0	100 4 0	102 8 0	106 3 0	102 4 0	104 13 0	107 4 0	107 4 0	103 6 0	114 0 0	108 11 0	103 4 0	107 12 0	108 12 0
Lowest ,,	74 4 0	90 14 0	98 12 0	98 6 0	99 2 0	85 8 0	100 11 0	95 12 0	100 0 0	101 14 0	102 9 0	102 9 0	100 0 0	107 1 0	104 10 0	100 0 0	104 12 0	105 13 0
Average ,,	82 15 2	93 6 1	100 4 10	101 1 7	101 0 11	96 6 1	101 12 5	103 13 10	100 9 10	103 12 7	105 6 2	105 10 5	101 0 9	112 0 10	107 0 11	101 2 0	106 12 6	107 6 10

BANK RATE CHANGES.

BANK OF BOMBAY.

	Per cent.
1902.	
January 9	6
Do. 16	7
February 13	8
March 27	7
April 10	6
May 1	5
June 19	4
July 17	3
November 6	4
December 23	5
Average	**4·778**
1903.	
January 15	6
Do. 29	7
February 19	8
March 12	7
April 16	6
May 14	7
Do. 21	8
June 4	7
Do. 18	6
Do. 25	5
July 2	4
August 20	3
December 10	4
Do. 17	5
Do. 30	6
Average	**5·082**
1904.	
February 11	7
Do. 25	6
March 10	5
May 19	4
June 16	3
December 13	4
Do. 20	5
Average	**4·147**
1905.	
February 2	6
Do. 16	7
March 9	8
Do. 30	7
April 6	6
Do. 14	5
July 6	4
Do. 27	3
August 10	4
November 23	5
Do. 30	6
December 14	7
Average	**5·101**

	Per cent.
1906.	
January 4	8
February 1	9
March 15	8
Do. 22	7
Do. 29	6
April 26	7
May 24	6
June 21	5
July 12	4
Do. 19	3
August 9	4
September 12	5
November 15	6
Do. 22	7
Do. 29	8
December 13	9
Average	**6·263**
1907.	
March 7	8
May 2	7
Do. 9	6
June 6	7
Do. 20	6
Do. 27	5
July 4	4
August 1	3
September 26	4
November 7	5
December 12	6
Average	**5·939**
1908.	
January 3	7
Do. 9	8
February 6	9
March 19	8
Do. 26	7
April 16	8
May 28	7
June 25	6
July 2	5
Do. 16	4
Do. 23	3
October 22	4
November 5	5
December 10	6
Average	**5·920**
1909.	
January 14	7
May 13	6
June 3	5
Do. 24	4
July 15	3
November 4	4
Do. 18	5
Do. 25	6
Average	**5·137**

	Per cent.
1910.	
March 3	7
May 12	6
June 2	5
Do. 23	4
July 7	3
October 6	4
November 3	5
Do. 17	6
December 15	7
Average	**5·164**
1911.	
May 18	6
June 1	5
Do. 21	4
July 13	3
October 19	4
December 21	5
Average	**5·019**
1912.	
January 11	6
Do. 18	7
February 1	8
Do. 22	7
March 20	6
May 9	5
June 13	4
July 11	3
October 3	4
November 14	5
Do. 28	6
December 12	7
Do. 27	8
Average	**5·062**
1913.	
April 3	7
May 29	6
June 12	5
July 3	4
Do. 17	3
August 7	4
September 10	5
October 10	6
Do. 31	5
Average	**5·912**
1914.	
January 15	6
May 21	5
June 4	4
Do. 25	3
August 6	4
Do. 13	5
Do. 20	6
Average	**5·405**
1915.	
June 2	5
November 4	6
Average	**5·575**

	Per cent.
1916.	
January 6	7
Do. 13	8
April 13	7
May 25	6
June 15	5
July 13	4
August 17	5
October 5	6
November 23	7
Do. 30	8
Average	**6·423**
1917.	
February 22	7
March 15	6
August 23	5
December 6	6
Average	**6·054**
1918.	
May 23	5
November 7	6
Average	**5·539**
1919.	
January 16	7
March 7	6
June 12	5
Average	**5·580**
1920.	
January 22	6
February 5	7
April 8	8
Do. 22	9
May 13	8
Do. 27	7
June 16	6
July 29	5
November 4	6
Do. 12	7
Average	**6·363**

IMPERIAL BANK.

1921.	
March 3	6
June 2	5
December 15	6
Do. 29	7
Average	**5·638**
1922.	
February 16	8
April 27	7
June 1	6
Do. 15	5
July 6	4
October 26	5
December 14	6
Do. 28	7
Average	**5·810**
1923.	
January 11	8
May 25	7
Do. 31	6
June 7	5
Do. 28	4
November 15	5
Do. 29	6
December 20	7
Average	**5·947**

	Per cent.
1924.	
January 3	8
February 14	9
April 10	8
May 29	7
June 19	6
July 3	5
Do. 31	4
August 21	5
October 16	6
Average	**6·674**
1925.	
January 22	7
May 21	6
June 18	5
July 2	4
September 24	5
December 3	6
Average	**5·635**
1926.	
May 20	5
June 10	4
Average	**4·819**
1927.	
January 1	5
Do. 13	6
February 10	7
June 2	6
Do. 23	5
July 28	4
September 8	5
December 8	6
Do. 22	7
Average	**5·726**
1928.	
June 21	6
July 19	5
November 15	6
December 13	7
Average	**6·196**
1929.	
February 14	8
April 11	7
May 9	6
June 6	5
October 10	6
Do. 31	7
Average	**6·323**
1930.	
April 3	6
July 10	5
November 20	6
Average	**5·887**
1931.	
January 15	7
May 28	6
August 6	7
September 22	8
Average	**7·046**
1932.	
January 14	7
February 24	6
April 28	5
July 7	4
Average	**5·019**
1933.	
February 16	3½
Average	**3·563**

COTTON MILLS.

Name of Company.	No. of Spindles.	No. of Looms.	Price during boom period 1920-21.	Quotations in 1933.		Intrinsic Value.* Less Depreciation.	Quotation at the close of year.
				Highest.	Lowest.		
			Rs.	Rs. As.	Rs. As.	Rs.	Rs. As.
Ahmedabad Advance	44,224	924	3,300	339-6	267-8	556	267-8
Bombay Dyeing	1,81,624	4,850	4,395	831-4	660	1,485	751-4
Central India	1,01,056	2,166	6,400	298-12	216-4	300	222-8
Century	1,29,414	3,096	1,545	351-4	215-4	723	183-2
Colaba Land	34,000	700	3,800	268-12	171-4	150	70
Coorla	27,372	719	340	115	62-8	151	62-8
Crescent	44,688	1,068	820	73-12	7	170	7-4
Currimbhoy	82,440	1,048	2,365	70	5-12	319	5-12
Dawn	43,512	..	1,800	472-8	400	1,157	400
Ebrahim Pabaney	56,408	1,054	1,250	116-4	6	330	6
Edward Sassoon	45,808	1,016	820	25	25	155	25N
Finlay	46,072	812	1,845	110	68-8	105	68-8
Fazulbhoy	52,296	1,988	2,150	392-8	21-4	434	21-14
Indore Malwa	46,274	1,419	875	383-12	57-8	320	61-4
Khatau	62,268	1,517	920	91-14	55	175	56-4
Kohinoor	59,884	1,431	4,800	180	115	210	119-6
Laxmi Cotton	45,792	861	5,250	997-8	700	692	702-8
Meyer Sassoon	42,216	1,038	570	15	9	140	9
Morarji Goculdas	79,882	1,650	8,000	525	185-10	6,510	185-10
New City	43,128	416	1,040	68-12	35	48	45N
New Great	49,668	1,032	1,375	193-12	103-2	285	107-8
Phœnix	52,868	766	1,430	348-12	250	800	257-8
Pearl	53,820	1,760	1,622	252-8	6	340	6
Sholapur	1,11,360	2,234	18,500	3,412-8	2,190	15,960	3,025
Simplex	38,084	1,323	1,335	101-4	56-4	78	60
[redacted]	31,450	584	1,700	71-14	35	94	35
[redacted]	79,024	2,354	6,030	285	145-12	575	159-6
[redacted]	49,392	1,257	2,375	1,660	1,390	730	1,393-12

* The intrinsic value is arrived at by valuing the mill at total book cost after adding liquid assets and deducting liabilities.

JUTE MILLS.

Name of Company.	Number of Looms.	Quotations 1917 to 1932.		Quotations in 1933.		Intrinsic Value† Less depreciation.	Quotations at the close of year.
		Highest.	Lowest.	Highest.	Lowest.		
*Albion	498	635	155	290	195	312	250
*Alliance	1,232	922	140	33	190	402	285
*Anglo India	2,561	573	110	378	238	387	338
*Auckland	810	515	107	210	133	180	175
*Bally	825	369-8	77	172	100	210	143
*Barnagore	1,744	347	72	161	101	230	137
*Belvedere	820	785	220	410	265	330	335
*Budge Budge ..	990	820	195	380	250	434	310
*Caledonian	616	860	218	540	380	471	470
*Clive	969	79-8	16	29-4	20-2	33	26-6
*Dalhousie	766	832	195	405	305	385	345
*Delta	779	870	220	412	257	430	345
Empire	500	99	27	42-8	30	38	34-8
*Fort Gloster	1,884	1,565	265	560	390	722	470
*Fort William ..	1,014	620	107	290	190	435	238
Gondalpara	600	1,600	500	850	595	1,165	750
*Gourepore	1,392	1,670	180	380	228	594	352
*Howrah	1,940	70-10	23	54-8	35-12	42	50-2
*Hooghly	454	175	41	89	51-8	70	60
*Kamarhatty	1,797	1,198	226	522	350	421	521
*Kanknarrah	1,527	905	238	488	338	347	446
*Kelvin	702	1,460	405	565	460	678	515
*Khardah	1,457	760	230	500	330	365	410
*Kinnison	1,250	1,810	378	710	545	690	585
*Lansdowne	846	626	70	165	105	203	140
*Lawrence	840	1,060	220	570	375	547	445
*Lothian	558	705	125	318	210	303	[illegible]
Naihatty	815	900	200	445	310	440	[illegible]
*New Central	709	1,055	275	453	305	458	[illegible]
*Northbrook	567	113	25-8	55	39-4	52	[illegible]
*Reliance	1,276	101	20-8	75	57-12	54	71
*Standard	650	933	185	374	225	350	305
*Union	1,326	1,280	237	440	325	575	394

* The intrinsic value of these is arrived at by valuing each loom at Rs. 5,000.

† The intrinsic value is arrived at by valuing the mill at total book cost after adding liquid assets and deducting liabilities.

ANNUAL MARKET REVIEW
1934.

PREMCHAND ROYCHAND & SONS,
BOMBAY.

Annual Market Review
1934.

PREMCHAND ROYCHAND & SONS.
PARTNERS { SIR KIKABHAI PREMCHAND, KT.
MANEKLAL PREMCHAND.
TELEGRAMS : "PRONOWN"
PHONE : 20173 AND 25671.

63, APOLLO STREET,
BOMBAY, 1ST JANUARY 1935.

INTRODUCTORY.

During 1934 mankind has trodden unfamiliar paths in pursuit of remote and undefined objectives. Economic maladjustments, accentuated by a complete absence of constructive co-operation, have been further aggravated by an almost unexampled series of crises, domestic and international. In Germany, the movement towards military re-armament and economic autarky; in Austria, the tension created by the murder of the Chancellor; in France, the financial scandals leading to the creation of the short-lived National Union Government; the assassination at Marseilles of the King of Yogo-Slavia and the French Foreign Minister; the consequent tension between the Near Eastern Powers, the Communist revolt in Spain; the imminence of the Saar plebiscite; the Congressional elections in the United States; and the Japanese denunciation of the Washington naval treaty—although events of varying importance, all made for instability, and contributed further to the lack of confidence which, in all countries, still remains the greatest single barrier to the revival of commercial and industrial activity.

In the sphere of economic policy, there has been the same lack of encouragement, and no fundamental improvement can be recorded. All the familiar hindrances to international trade remain in full operation, including those enumerated in this Review a year ago, "low commodity prices, abnormal tariff and exchange restrictions, fluctuating currencies, extensive unemployment, war debt commitments, maldistribution of gold reserves, etc." Other difficulties have since been added: the continued uncertainty concerning American policy; the increasing regimentation of Germany's overseas trade; the multiplying difficulties, commercial and financial, of the *gold bloc* countries generally; the unrelenting application in all countries of the principles of economic nationalism; the narrowing range of world trade, especially multilateral trade owing to the widening adhesion to bilateral agreements; the prolonged suspension of new international investment, and, not least, the further mechanisation of many processes of production, leading to the maintenance of an enormous volume of unemployment despite recoveries in output. The spread of industrialism in Asia continues to present problems which Western producers view with growing perplexity. Indeed, one of the major explanations of the present crisis, in conjunction with the advent of methods of production ever more economical in terms of human labour, is the spread of industrialism throughout the world.

In the United States, unemployment is most extensive largely because in that country mechanisation of production has been carried further than elsewhere without any adequate effort being made to balance mass production by effecting a corresponding expansion in mass consumption. The failure of the monetary experiments initiated by the Roosevelt Administration

supports the conjecture that the solution lies in other directions: possibly in the general reduction of working hours although there is as yet no approximation to agreement in the States on that, or indeed any other solution. The dominating fact in the American situation is that twenty million people, one-sixth of the total population, are dependent on public relief and that, unless and until measures are evolved capable of giving these people self-sustaining employment, the process of economic experimentation will continue; there can be no stability in American policy, and therefore no clarification of the international trading and financial situation, in which American policy is necessarily a dominating factor. The American outlook is obscure, and may possibly remain so for some years. President Roosevelt is coping manfully with something incomparably more complex and intractable than a cyclical crisis. The semi-collapse of the pre-1929 economic machine necessitates recourse to methods of planned production and distribution which, however, are still in process of evolution.

In Great Britian orthodox methods still prevail and have yielded a meed of progress, in terms of employment and industrial and trade recovery, which, for the time being, exclude new theories and programmes from serious consideration. Yet uneasiness is not entirely absent, in view of the continued failure to reduce unemployment under the two million mark, and the problem thus presented appears the more intractable in view of the facts that production is back to the 1929 level, that the domestic market shows indications of approaching saturation, and that there has been only a very limited recovery in exports, with very few indications of considerable further expansion. A disconcerting feature during 1934 has been the growing divergence between British agricultural policy, and the application of the Ottawa preferences in relation to agricultural products from the oversea Dominions whose politicians and producers betray increasing resentment concerning the restrictions imposed on their staple exports in the interests of British farmers.

In Germany perhaps the most distinctive development has been the deliberate encouragement accorded to the manufacture of substitute materials calculated to displace the many imported raw materials which in previous years made Germany one of the great world markets for the countries exporting primary products. It is claimed authoritatively that practical substitutes for wool and cotton have been evolved in the form of mixtures of flax and artificial silk, and it is also asserted that the problem of producing fats for the soap industry can be solved by German chemists. It is believed that this policy is inspired by military, as well as purely economic, considerations, and its pursuit can hardly fail to influence the policy of raw-material countries towards German manufactures. A potential reaction the Hitler Administration has apparently overlooked.

In the Far East one of the most notable events of the year has been the visit of the British Industrial Mission to Japan, and the agreements resulting therefrom. Mechanisation is as important a feature in Japanese economy as in many Western countries, the British Mission in its report pointing out that, taking a weighted index of 26 articles, production has increased 35 per cent. between 1930 and 1934, whereas the employment figure has increased by only 5 per

cent. In regard to the ultimate effect of Japanese industry upon the world, the British Mission has very appositely suggested that it is necessary to regard this problem with a due sense of proportion. Japan has made great strides in certain export industries, and has proved a formidable competitor. Nevertheless, even to-day her share of world trade is comparatively small and the effect of her competition has been very greatly intensified by the heavy decrease in the total of international trade as a whole. In the opinion of the British Mission, Japan's competitive power in industries such as the textile industry, cement, porcelain, certain forms of rubber goods, bicycles and fancy goods, etc., is likely to be maintained. It is highly probable that Japanese exports of wool textiles, certain forms of chemicals and light precision and other machinery will become increasingly evident. On the other hand, there is not the slightest reason to apprehend that Japan is in a position to capture world trade, either in all markets or in all products, or to destroy the highly developed industries of the West. A trade war between Britain and Japan, as the British Mission insists, would benefit no one. In particular, it would have unfortunate effects upon the prosperity of the producers of the raw material which Japan purchases so freely from countries which are important markets for British goods, and whose purchasing capacity depends upon their sales of raw materials. A reasonable adjustment between British and Japanese industries, it is rightly urged, will not only be to their own advantage but will promote a restoration of world trade.

A " CHANGED ECONOMIC ENVIRONMENT ".

In its third Economic World Survey, covering 1933-34, the Information Section of the League of Nations, surveying the world economic situation at the beginning of 1934, drew attention to the importance both of the efforts of individuals to readjust and reconstruct trade and industry, and of the movement towards government regulation and planning. In past depressions, as the Survey recalled, after a fairly long and painful period of reconstruction and stabilisation, business enterprise could count upon renewed opportunities of profit under much the same conditions as existed before the depression began. At the present time, for good or ill, business enterprise emerges from its readjustments to find a very different situation confronting it. On the one hand there is the uncertainty regarding the future course of exchanges, with all the resultant trade restrictions. On the other hand, positive Governmental policies of regulation and control, however justified they may eventually prove to be, render the outlook for recovery more doubtful. This " changed economic environment " is further defined in an analysis of some of the more permanent effects of the depression, the uneven growth of population, shifts in consumption, government control of production and the industry, and regulation of international trade. The conclusion reached is that " the economic world, which seemed to be emerging from the lowest depths of the long depression, has gone far towards changing the basis of its organisation from international to national or at most regional conceptions. The international finance which had run ahead of economic organisation has shrunk; but, in the meantime, the national 'frames of industry' have set still narrower limits to international specialisation." As the outlook is viewed from the international watch-tower at Geneva the growth of economic nationalism is not without grave disadvantages.

" First, it is obvious that, natural resources being as unevenly distributed as they are, the limits of national self-sufficiency are likely to cause a definite lowering of standards of living wherever national policy is pushed beyond a moderate diversification of economic life. Not only raw materials, but climate, labour resources and the aggregations of population and therefore of markets, are too uneven in the modern world to permit of the curtailment of specialisation without great economic cost. In the second place, economic life is too dynamic to warrant any belief that planning or regulation can long preserve the *status quo* at any particular stage of development. Change and growth are as fundamental in economic as in any other human activities, and it may be found that the more thoroughly national economies are insulated the more effective in the long run will be the stimulus to development in those areas which remain relatively free to develop hitherto unused resources. Moreover, the resilience and adaptability of private enterprise is very great and restrictions which are effective in the depths of depression may prove less so when a measure of prosperity returns."

The effect of present policies on the international exchange of commodities is measured by the Geneva calculation that the total value of world trade, measured in gold currencies, has declined without interruption for over four years. The gloomy reflections prompted by this disclosure are only slightly modified by the qualifying observation that the rate of decline, even when measured in gold currencies, " was distinctly less in 1933 than in previous years, and the continued fall in gold value since the middle of 1933 was due to the further depreciation of the principal paper currencies rather than to continuing reduction in quantum." Of peculiar significance to India, and other countries whose exports consists mainly of foodstuffs and raw materials, is the fact that the widespread protection of national markets " has caused the greatest decrease in the exchange of manufactured articles and is now causing a progressive decrease in the exchange of foodstuffs for manufactures. . . . That part of international trade which shows the most definite signs of recovery both in quantum and in prices, is the export of raw materials which are either mainly confined to, or most advantageously produced in, special regions."

A natural corollary of the present economic and financial maladjustments, and the almost complete lack of confidence in future tendencies, is that the revival of investment activity is confined to a few countries and is still continued only on a comparatively small scale. " It is hardly an exaggeration to say that foreign lending has ceased almost entirely."

CESSATION OF FOREIGN LOANS.

New capital issues, as a League analysis of " Balances of Payments, 1933 " points out, no longer play an important part in international capital movements and while the tendency to liquidate outstanding international long-term investments continues, the issue of new loans has almost come to an end. In the United States, the Netherlands and Switzerland there were no flotations of foreign loans in 1933, or in the first nine months of 1934. " It is true," as the Report says, " that London remains an international capital market, but the small amount of new capital other than domestic loans issued there is almost exclusively for the account of countries within the British Empire." The decline in international investment, and the progressive contraction in multilateral trade, are closely associated. Before the depression the income of the United

Kingdom from its foreign investments was largely collected in the form of goods bought from the United States and European countries which, in their turn, bought the raw materials and foodstuffs they needed from the countries in which British capital is invested. Similar triangular or multilateral transactions are involved in the transfer of amounts due to other creditor countries, but the present tendencies of commercial policy have rendered this system of trade and finance highly vulnerable. Indeed, this disorganisation of the system of multilateral trade, it is calculated, goes far to explain the apparent contradiction in the existence of financial distress side by side with a plentiful supply of goods. The world's productive forces are intact or improved, but with the partial destruction of the system, numerous countries experience growing difficulties in finding the means of acquiring the foreign products they need and the markets in which their own outputs may be sold at remunerative prices.

The United States surplus in transactions with Europe, for example, has shrunk and been employed for financing European withdrawals of short-term capital from New York, thus no longer leaving the large excess of currency available for payment of the raw materials purchased in other continents as before 1930. Several European countries, notably Germany, have been eliminated from the trade which used to serve the transfer of sums due to the United Kingdom from Asia, Oceania and Latin America.

International payments of interest and dividends, which rose from approximately 2,200 million dollars in 1923 to 3,700 million in 1929 suffered a depreciation in gold value between 1929 and 1933 of over 60 per cent. if account is taken only of amounts actually transferred to the creditor countries.

EFFECT OF OTTAWA AGREEMENTS.

As an attempt to offset the incidence of the World Depression on the trade of Empire countries, the Ottawa Agreements have achieved only a limited degree of success, India undoubtedly ranking as the principal beneficiary. The following table, covering the period January-September 1932, 1933, and 1934 indicates the outstanding results :—

JANUARY-SEPTEMBER.

(In millions of £.)

—	British Imports.			British Exports.		
	1932	1933	1934	1932	1933	1934
British Empire ..	183.4	181.7	200.4	123.5	118.2	133.1
Of which—						
Australia	34.7	34.3	36.2	14.2	15.4	19.2
Canada	28.8	32.0	34.6	12.0	12.1	14.4
India	21.9	24.3	29.4	25.9	24.4	26.3
New Zealand ..	31.5	31.4	34.5	7.6	7.0	8.3
South Africa ..	10.7	10.1	8.5	12.8	16.6	21.3
Foreign Countries ..	336.8	306.1	336.4	147.6	150.2	155.9
Total ..	520.2	487.8	536.8	271.1	268.4	289.0

A year ago, while emphasising that " fortunately, in relation to British farming products, Indian produce, unlike most Dominion produce, is complementary, not competitive, and therefore enjoys unrestricted entry," we pointed out that " So rapid is the increase in British agricultural production that the question has been raised whether, from the point of view of Empire suppliers, the Ottawa agreements possess the same value as when they were signed." The sequence of events in 1934 has justified the forecast. So strong, indeed, is Australian resentment of the increasing restrictions meanwhile imposed on Australian produce at British ports, that Dr. Earle Page, Deputy Prime Minister, in an outspoken speech at Canberra on December 3rd, declared that unless Australia could sell her produce freely in Great Britain she would be unable to meet sterling debt commitments, to buy British machinery, or to continue the development on which huge sums of British money have been expended. Great Britain's policy of agricultural restoration, he urged, should not prevent the expansion of Australian agricultural and pastoral development, because of Britain's enormous consuming capacity. If, he added, Australia is forced by world policy to abandon natural, economic industries, she will be obliged willy nilly to set about developing unnatural, economic industries. India, as we have already remarked, may perhaps count herself fortunate that, in relation to Indian produce, the same difficulties, immediate and prospective, do not arise. Great Britain, it is well to recognise, is reaching a stage in her economic and commercial history when she can no longer afford to import foodstuffs within the range of domestic production. If an explanation of the new policy of reviving British agricultural production is sought, it is enough to point to the decline in the value of United Kingdom exports of produce and manufacture from £729,000,000 in 1929 to £368,000,000 in 1933, a decline only slightly offset by the small recovery in exports which occurred in 1934. Within the same period retained imports into the United Kingdom have fallen in value from £1,111,000,000 to £626,000,000. A decline reflecting to some extent the fall in world prices but accounted for mainly by larger internal production, of agricultural as well as industrial produce, necessitated by the inability to import foreign produce on the former lavish scale. If the Dominions are the heaviest losers among Empire countries as the result of the Elliot programme, the reason is that their staple exports—wheat, meat, and dairy produce—coincide so closely with the staple products of British agriculture itself, whereas the British demand for tropical and semi-tropical produce, grown in India, remains unprejudiced, and, in certain instances, even shows a tendency to expand.

The spread of industrialism, as the *Westminster Bank Review* points out in its December issue, has proceeded apace since the World War, and it has been Great Britain that has particularly suffered from the development of secondary industry in the Far East, in South America and in the oversea Dominions of the British Empire, including India. Australia, whose statesmen are now complaining so bitterly of British restrictions on Australian primary products, has been especially active in developing manufacturing industries: the estimated value of Australia's production of manufactures rising from £39 millions in 1912 to over £106 millions in 1931-32. At the meeting of the P. & O. Shipping Company on December 5, Sir William Currie said that India is now producing the bulk of her requirements of iron, steel and cement and he pointed out how serious is the loss of such " rough " cargo to British shipping. Of even greater consequence

to British producers has been the rapid development of the Indian cotton mill industry. The following British export figures are significant of the increasing ability of Empire countries to meet their own industrial requirements:—

EXPORTS OF BRITISH PRODUCE AND MANUFACTURES.

(In thousands of £'s.)

	1913.	1933.
Australia	34,471	21,322
S. Africa	22,185	23,346
Canada	23,795	17,510
India	70,273	33,397
New Zealand	10,838	9,545

The decline in Indian purchases of British manufactures is accounted for mainly by the fall in Indian imports of Lancashire piecegoods from £34,977,000 in 1913 to £6,778,000 in 1933; this contraction alone representing an adequate explanation of the depressed conditions in the Lancashire cotton trade, at any rate in certain classes. Within the same period Indian purchases of British iron and steel and manufactures thereof (excluding machinery) have fallen in value from £9,308,000 in 1913 to £3,024,000 in 1933.

Individual British manufacturers may succeed in adapting their technique and organisation to the new conditions, but, as the *Westminster Bank Review* remarks, however successful they may be in such ways, it is probable that a return to nineteenth century world economic organisation, and a fairly rigid differentiation between the suppliers of food and raw materials, on the one hand, and the manufacturing nations on the other, cannot be looked for. For no nation is such a re-orientation more serious than for the United Kingdom which, above all others, has depended for its very existence on selling its manufactures to buy food. Fundamentally, it is this probability which justifies the efforts to increase agricultural production in the British Isles. It is now clear that the present century will see the establishment of a new balance.

THE DISEQUILIBRIUM IN AGRICULTURAL PRODUCTION.

It is easy to state the problem: less easy to indicate the solution. Agriculture, as we have been recently reminded in a survey circulated by the International Chamber of Commerce, is the world's greatest industry and occupies half the population of the world. The purchasing power of the agricultural population is therefore a key factor in the economic situation. If the farmer gets into difficulties, this reacts on the whole of industry and trade. It is a fact that all the world over he is in the greatest difficulties at the present time. The wheat farmer in the U. S. A. and in Canada have been unable to pay their taxes for two or more years, the coffee planters in Brazil

and Columbia have cut the field labourers' wages down to less than half, and so on in every agricultural exporting country. To-day two bushels of wheat will purchase no more than one bushel purchased four years ago. At the same time there has been no material increase in the consumption of agricultural products. In most agricultural countries export values have fallen by half. This means in plain language that at the present time the farm population can, broadly speaking, only buy half the manufactured goods it did in 1929; and it is clear that as long as the farming situation remains so unhealthy, there can be no real or lasting business recovery. The disproportionate fall in agricultural and industrial price levels is exemplified in the calculation that in the United States the farmer is receiving 71% of 1926 values for the whole of his farm products, while for every thing he purchases he is paying 117 per cent. of 1926 values. As world demand for agricultural produce is not unlimited, the only effective remedy is to limit production; experience demonstrating, beyond challenge, that taking stocks off the market without controlling production is useless. The Standing Committee for the Co-ordination of Production and Marketing of the I. C. C. passed a resolution at its meeting on June 28, 1934, in which it called attention to the importance of a reasonable international regulation of the production of the principal agricultural products and raw materials. In the case of the agricultural industry, as the Rapporteur of the International Chamber Committee suggests, it is impossible to imagine any scheme being successful without governmental assistance and supervision. Producers are unorganised and there is little co-operation either nationally or internationally. Schemes should be initiated and worked out voluntarily, but government assistance is needed in order to have them adopted internationally and to ensure their being carried out honestly and efficiently.

CHEAP MONEY AND LOW INTEREST RATES.

Money, like produce, is cheap mainly owing to limited demand resulting from bad trades. Detailing the advantages of cheap money in reply to Parliamentary criticisms that insufficient advantage is being taken of the economic opportunities so afforded, the British Chancellor recently claimed that the National Government, as the outcome of conversion operations and low interest rates, have been able to bring down the cost of interest and management of the National Debt by about 20 per cent. since 1931. Other parts of the Empire have derived comparable advantages. In addition, local authorities are able to borrow at round about 3 per cent., while British industrial borrowers have been able to convert something like £100,000,000, resulting in a saving to them of about £1,000,000 a year. The contention of the critics is not that such opportunities have been overlooked but that cheap money conditions should be taken advantage of to finance public utility works on a scale adequate to absorb a considerable percentage of the vast numbers of unemployed left derelict by the semi-collapse of private enterprise.

In its December bulletin the Royal Bank of Canada circulated an interesting tabulation showing the extent to which yields on Government bonds have been reduced the world over during recent years.

The table is reproduced in part below, the figures for 1934 referring to the most recent month available in the statistics published by the League of Nations:—

Country.	Security.	Interest Rate.	
		Feb. 1932	1934
		%	%
South Africa	5% Inscribed	5.06	3.35
Germany	6% Mort. Bds.	*8.46	6.50
Australia	5% Registered	6.08	3.75
Austria	7% Mort. Bds.	8.27	6.94
Belgium	3% Rente	4.41	4.01
Egypt	4% Unified	4.70	3.75
France	3% Rente	3.81	4.13
India	3½% Govt. stk.	5.30	3.63
Italy	3½% Rente	4.78	4.05
Japan	Average yield of public bds. ..	5.99	4.59
Poland	6% Dollar Loan 1919-21	10.50	8.10
Sweden	Average of 7 Govt. Bonds	4.46	3.45
Switzerland	Fed. Rly. 3½ %	3.80	4.01
Czechoslovakia	Govt. Bds.	6.36	5.99
Canada	Prov. of Ontario 4½ %	5.55	3.93
United States	Treasury Bds.	4.11	3.20
United Kingdom	2½% Consols	4.24	3.03

*April 1932.

In an interesting analysis of this tabulation, the City Editor of the "Times" points out that in every case except France and Switzerland the yield is now lower than in 1932. In most the reduction is appreciable. The price of money, like the price of any other thing, fluctuates according to the demand for it; thus money rates have fallen because the opportunities for using it remuneratively have been greatly reduced by the contraction of international finance and trade. Cheap money, therefore, is the monetary expression of an economic condition which in itself is undesirable. But given the condition, which to-day is universal, it follows that those countries are able to take the best advantage of cheap money whose Governments have pursued a policy that has inspired confidence among the majority of business men and investors. It will be seen that the decline in the yield on British and American Government securities is comparable in spite of the fact that American policy has not inspired the same general confidence among business men in the United States as the National Government's policy has commanded in this country. Probably the explanation is to be found in the fact that whereas in this country little more than 10 per cent. of the National Debt is held by the banks, in the United States the banks own between 60 and 70 per cent.

Despite low interest rates, as the "Economist" pointed out in its analysis of British capital issues in 1934, few outlets for new capital and new enterprise are apparent. The net new borrowing on the London market during 1934 was only £169.1 millions, or two-thirds of the total in 1933 and the next lowest total to the record "low" of £102.1 millions in the crisis year of 1931. Of the total issues in 1934, the United Kingdom absorbed over £137½ millions, British Possessions, nearly £30 millions, and foreign countries just under £1½ millions, the latter figure indicating the slump in foreign borrowing, largely due to the Treasury embargo.

British exports, which for decades past have received a special stimulus from British over-sea investments, will be correspondingly handicapped so long as the Treasury embargo continues although it is by no means certain that the relaxation of official restrictions would immediately induce the British investor to increase this investments oversea.

India :—

Indian trade forms such a vital link in the system of international commerce that the influence of world economic factors on the internal economic situation is bound to be considerable. Owing to persistent lingering of the effects of the great depression, which are accentuated by the policies of economic autarchy in almost every country of importance and the " currency war " which still goes on, the trade recovery which has undoubtedly taken place in some countries, appears to be only temporary. Naturally, therefore, in India, there are hardly any signs of trade recovery of a permanent nature, though it may be admitted that the effects of recovery in other countries are also felt here to a certain extent. The balance of trade in merchandise in favour of India is, however, Rs. 25.02 crores against Rs. 31 crores in the year 1933. A reference to the statistical summary of the balance of trade of India during the last four years shows a catastrophic shrinkage in her visible trade. The following table shows the comparative decline in the external trade of India in recent years. The total merchandise

Trade of India:

From or To	Imports								Exports							
	1913-14		1924-5 1929-30		1931-2		1933-4		1913-14		1924-5 1929-30		1931-2		1933-4	
	£m.	%	£m.	%	£m.	%	£m.	%	£m.	%	£m.	%	£m.	%	£m.	%
United Kingdom ..	83.39	*65.4*	91.98	*48.9*	35.99	*36.7*	35.69	*41.2*	38.93	*25.5*	59.14	*22.7*	33.64	*27.8*	34.93	*31.8*
Canada	0.01	..	1.28	*0.7*	0.31	*0.3*	0.52	*0.6*	0.95	*0.6*	1.68	*0.6*	1.11	*0.9*	1.40	*1.3*
Australia	0.69	*0.5*	2.61	*1.4*	1.29	*1.3*	0.77	*0.9*	2.73	*1.6*	5.28	*2.0*	2.21	*1.8*	2.25	*2.0*
S. Africa	0.35	*0.3*	0.38	*0.2*	0.16	*0.2*	0.19	*0.2*	0.78	*0.5*	1.87	*0.7*	1.08	*0.9*	0.96	*0.9*
Ceylon	0.54	*0.4*	1.28	*0.7*	1.03	*1.0*	1.04	*1.2*	6.03	*3.6*	10.97	*4.2*	5.98	*4.9*	4.45	*4.1*
Straits Settlements ..	2.28	*1.8*	4.23	*2.2*	2.17	*2.2*	2.01	*2.3*	4.42	*2.7*	7.28	*2.8*	3.92	*3.2*	2.51	*2.3*
Other British ..	3.40	*2.7*	4.76	*2.5*	4.06	*4.1*	3.14	*3.6*	9.15	*5.5*	10.36	*4.0*	5.77	*4.8*	4.21	*3.8*
Total Empire ..	7.27	*5.7*	14.54	*7.7*	9.02	*9.2*	7.67	*8.8*	24.06	*14.5*	37.44	*14.3*	20.07	*16.6*	15.76	*14.4*
Total British ..	90.66	*71.1*	106.52	*56.6*	45.01	*45.9*	43.26	*50.0*	62.99	*38.0*	96.58	*37.0*	53.71	*44.4*	50.70	*46.2*
Germany	8.45	*6.6*	11.86	*6.3*	7.93	*8.1*	6.67	*7.7*	17.57	*10.6*	20.91	*8.0*	7.71	*6.3*	7.11	*6.5*
France	1.79	*1.4*	2.88	*1.5*	1.63	*1.7*	1.13	*1.3*	11.79	*7.1*	13.28	*5.1*	5.73	*4.7*	5.17	*4.7*
Other European ..	6.48	*5.1*	18.82	*10.0*	12.22	*12.5*	9.99	*11.5*	25.97	*15.6*	30.48	*11.7*	12.79	*10.6*	11.90	*10.8*
Total European ..	16.72	*13.0*	33.56	*17.8*	21,78	*22.3*	17.79	*20.5*	55.33	*33.3*	64.67	*24.8*	26.23	*21.7*	24.18	*22.0*
U.S.A.	3.20	*2.5*	13.21	*7.0*	9,69	*9.9*	5.37	*6.2*	14.57	*8.7*	27.94	*10.7*	10.72	*8.8*	10.45	*9.5*
Japan	3.19	*2.5*	13.87	*7.3*	10.00	*10.2*	12.27	*14.1*	15.13	*9.1*	31.06	*11.9*	10.40	*8.5*	9.46	*8.6*
Other Foreign ..	13.77	*10.8*	20.95	*11.1*	11.49	*11.6*	7.99	*9.2*	17.99	*10.8*	40.48	*15.6*	19.84	*16.4*	14.94	*13.6*
Total Foreign ..	36.88	*28.8*	81.59	*43.4*	52.96	*54.1*	43.42	*50.0*	103.02	*62.0*	164.15	*63.0*	67.19	*55.6*	59.03	*53.7*
Grand Total.. ..	127.54	*100*	188.11	*100*	97.97	*100*	86.68	*100*	166.01	*100*	260.73	*100*	120.90	*100*	109.79	*100*

Imports classified according to country of consignment.

exports, including re-exports during the year amounted to Rs. 151.42 crores as against Rs. 147.39 crores in 1933, whereas the imports of merchandise aggregated Rs. 126.39 crores against Rs. 116.04 crores in the previous year. The total tonnage registered for outward shipment in 1934 amounted to 7,929,879 tons as against 7,637,355 tons in 1933 and 7,384,324 tons in 1932. The index number of wholesale prices indicates a further diminution of one point during the year under the 1933 index average and 12 points under the 1932 average (taking

July 1914 average = 100). A further analysis shows that while there has been a fall in the price index of cereals by 2 points, of sugar and of the other food by 1 point, there has been a marked improvement in the wholesale prices of oil-seeds, textiles and cotton manufactures over the 1933 figures. There is no material change in the prices of hides and skins, metals and other raw and manufactured articles. It must be noted that the improvements in wholesale prices are still far below the pre-depression level. There has been an increase of 2 points in the index number of wholesale prices in the United Kingdom and of one point in the Japanese index number over the 1933 level. And it may be added that while there has been some improvement in the wholesale prices of certain commodities, *e.g.*, oil-seeds, there has also been a rise of 5 points in the index number of prices of cotton manufactures in India. On balance, therefore, the position is that the prices of commodities which the Indian agriculturist has to sell have gone down whereas the prices of goods which he has to purchase have risen.

The outward flow of gold from India has been very considerable ever since the abandonment of the gold standard by the United Kingdom in September 1931, and it must be evident by now that the hidden treasures will soon be exhausted if the exports continue at the same pace. India can no longer depend on gold export to liquidate her external debt. It is obvious that for a predominantly agricultural country like India, the entire economy is dependent on its ability to sell its raw materials in the world market. It is commonplace to observe that so long as India is unable to find markets for the sale of her products, she cannot afford to allow import of merchandise to flow in freely, thereby increasing her external debt, which is already heavy. However, it would be unwise for this country even to think of a policy of economic isolations. Indeed the most effective method of reviving some portion of international trade is to explore avenues of commerce and establish trade relations on the basis of reciprocity, and the policy of India in stimulating her exports should be chiefly guided by this consideration, though it is true that unless concerted efforts are made by the leading nations to restore world trade to its pre-depression dimensions, recovery will never come to stay or at any rate will be very protracted. Individual nations have adopted artificial means to bring about a rise in prices of commodities, but they have not met with full success. It is appropriate to remark in this connection that a rise in world commodity prices is perhaps the effect and not the cause of the restoration of world trade. We are glad to recall here the two trade agreements, concluded during this year, as instances of the policy mentioned above, to which we are referring later in this review.

Owing to the continued export of gold throughout the year Government were aided in adjusting their Ways and Means position with ease. Gold exports remained the principal mainstay of the sterling exchange market and Government were able to buy large amounts of sterling for remittances from the open market except during the periods when business in connection with gold exports was small. Exports of merchandise largely offset import requirements and other ordinary needs of the market. Indeed one wonders what would have happened to the finance and trade of the country, had India not had the gold stocks, which she had preserved for years and which she could utilise in paying her international commercial obligations in time of economic depression. The total exports of gold during the year aggregated Rs. 60·50 crores as against Rs. 51.25 crores for the previous year.

The opening balance with the Government of India in the Home Treasury amounted to £15,659,203 on April 1, 1934, and they remitted £24,012,000 through market purchases from April to December 29, 1934. The total requirements of the Government of India for the Secretary of State's disbursements in London were estimated at £26.7 million for the fiscal year 1934-35. The Government of India transferred some gold from the Gold Standard Reserve earmarked and lying in India to the Paper Currency Reserve. But at the same time Government were able to place sterling securities in the Paper Currency Department. Thus when the Reserve Bank begins to function, it will have the bulk of gold concentrated in India, the proper place for this class of reserve. And again Government will have ample resources in the London market that should be a valuable resource whenever they find it difficult to remit funds from India. The surplus sterling balance left in the hands of Government will be about £13 million and this will also prove a useful asset in providing a stable foundation for the Reserve Bank of India.

With regard to the Ways and Means position, Government had frequent recourse to the Imperial Bank of India for temporary advances. Their maximum debt under this head was Rs. 14½ crores on July 13, but they liquidated the whole amount by the middle of September. Government took advantage of this facility largely in order to adjust the difference between Treasury Bill maturities and renewals from week to week and occasionally to fill in the gap between revenue returns and public expenditure. At the end of the year Government debt under this head amounted to Rs. 5 crores.

Government borrowing through Treasury Bills remained the usual feature throughout the year, except for a short period from June 1 to July 17, 1934, when the sale of three months' bills was suspended probably to facilitate the successful floatation of a new Rupee Loan in India. Even when money was in great demand for seasonal requirements of trade, large funds were attracted in Treasury Bill investment. As in the previous year, the only kind of usuance issued throughout the year was the Treasury Bill of three months' tenure. The total amount of Treasury Bills sold during the year amounted to Rs. 103.85 crores as compared with Rs. 102.63 crores in 1933 and Rs. 135.47 crores in 1932. Large amounts of surplus funds find their way usually in short-term investment and the Three Months' Treasury Bills provide the most secure channel in this class of investment in India. Government were able to dictate their own rate of interest which they varied from time to time to suit their requirements. The highest rate was Rs. 2-11-11% and the lowest Rs. 0-12-4%. It is now a recognised fact that the Treasury Bill is a part of the financial machinery of the market and indeed as Sir George Schuster observed " the market has come to rely upon this as a convenient method for the investment of short-term money." An analysis of the variations in the rate of interest in Treasury Bills reveals the extent of the repercussions they have on the money market. It will be observed that the money rates fell and ranged between 1 and 2 per cent. as a result of the discontinuance of treasury bills from June 5 to July 17, 1934. But with the resumption of tenders and a gradual increase in the rate of acceptance, the surplus funds sought investment in the bills, thereby rendering the money position comfortable. Moreover, as a consequence of the temporary suspension of the

sale of treasury bills, the total outstanding balance which had reached the high figure of Rs. 35.29 crores on April 29, was reduced gradually to Rs. 10.16 crores on July 27. At the end of the year the outstanding bills amounted to Rs. 25.35 crores as compared with Rs. 30.88 crores in 1933. The Finance Member in his budget speech anticipated that outstanding would be Rs. 30 crores at the end of the financial year 1934-35.

Turning to the long-term borrowing programme, we find an equally happy state of affairs. Throughout the year the financial position of the Government of India was stronger than it has been for years. Their ability to borrow ample funds at low rates of interest is a sufficient testimony that the credit of the Government remained high. Although it was mentioned in the last budget speech of the Finance Member that with the low capital programme, the Government of India would not require to float any regular loan either in India or in England, the usual reservation was made, probably with an eye on the 4½ per cent. bonds, which were the only security maturing for repayment during the year, of which Rs. 12.98 crores were already converted last year, leaving a balance of about Rs. 13 crores. Government issued two rupee loans during the year, the one bearing 3½ per cent. interest and the other 3 per cent. interest. The subscriptions for the 3½ per cent. taxable loan repayable in 1947-50 issued in June at Rs. 98-8 per cent. for Rs. 32 crores did not reach the figure asked for, but amounted to Rs. 25.12 crores. However, the amount realised was far in excess of the actual immediate requirements of the Government of India which were only Rs. 19 crores for the repayment of 4 per cent. 1934-37 loan.

Another new 3 per cent. taxable loan redeemable at par on September 15, 1941, was issued for an unlimited amount on September 5, and was open for subscription only two days. Government obtained Rs. 10.65 crores, which was a satisfactory result, particularly for a 3 per cent. loan, the redemption yield thereon being no more than 3.17 per cent.

Both these were conversion loans and the total amount raised was Rs. 35.77 crores, of which Rs. 13.85 crores were in cash and Rs. 20.95 crores in loans offering conversion rights and Rs. 97 lacs in maturing Treasury Bills. It is interesting to note that the only 3 per cent. loan issued by the Government of India previously was the irredeemable loan issued as long ago as 1896.

We may remark in this connection that it was during the tenure of office of Sir George Schuster as the Finance Member that the way was paved for cheap borrowing. During that period gilt-edged securities displayed persistent firmness and ever since the commencement of the current year all loans have maintained high levels. The two loans which were issued during this year at comparatively cheap rates have met with success. In the next year several loans are due and in view of the abundance of cheap money combined with high Government credit it is confidently believed that they will be able to convert all these maturing loans into long-term or short-term loans at very advantageous rates.

Bearing in mind the comfortable Ways and Means position, saving in interest effected through two conversion loans and cheap borrowing through Treasury Bills, we find from the estimates published that the budgetary position of the Government of India is satisfactory. The

revenue receipts for the 9 months have exceeded the budgetted estimates. The receipts from Customs are encouraging and the realisation under this head from the import duties on sugar and silver has been much beyond expectation. Railway earnings have shown better results and it is therefore expected that some contribution will be made to the Central Revenues. We hope that the new Finance Member, Sir James Grigg, will consider the possibility of reduction in the taxes on income. The claim of the tax-payer is well grounded since earning assets have declined in value and do not yield adequate returns. The level of taxation in India has already reached a point where the returns are bound to be diminishing. Its incidence has been severe on people whose incomes are marginal.

Turning to the industrial field, it is possible to say that recovery appears to have set in and certain industries have progressed. Iron and Steel, Sugar, Tea, Cement and to a certain extent the textile industry, have experienced tremors of recovery. During the year two notable events are worthy of record—the Indo-Japanese Trade Agreement signed by the Government of India and the Representative of the Japanese Imperial Government, and the non-official trade agreement, generally known as the Mody-Lees pact. After protracted negotiations the Indo-Japanese Trade agreement was signed by the representatives of the respective governments on January 8, 1934. It is to the credit of the Government of India that throughout the negotiations they held fast to the contention that Japan's right to participate in the piece-goods market in India must be coupled with her obligation to buy Indian cotton. In terms of the provisions of the agreement, India and Japan, shall, in respect of Customs duties, accord the most favoured nation treatment to any article, produce or manufacture of the other country, though the governments of both the countries reserve the right to adopt measures to correct the effects of exchange fluctuation. The Customs duties on Japanese cotton piece-goods have been lowered from 75 per cent. to 50 per cent. *ad valorem*. Japan has thus secured from the Government of India most favoured nation treatment in regard to her imports into India other than piece-goods and at the same time a valuable share of the quota of India's imports of piece-goods. Japan has agreed to buy one million cotton bales in return for exporting to India 325 million yards of cotton piece-goods, but she can export 400 million yards by buying a further 500,000 bales of Indian cotton. However, Japan is allowed to export 175 million yards of cotton piece-goods to India without any corresponding obligation to buy Indian cotton. The Mody-Lees agreement essentially amounts to this. Recognising the need of protection for the Indian cotton textile industry against certain foreign countries, whose competition was felt to be severe, it was agreed that, as regards *Indian cotton*, if and when the revenue position of the country may render it possible for the Government of India to remove the general surcharge on all imports imposed in October 1931, Indian interests will not put forward fresh proposals in connection with the duties applicable to British imports. The Textile mission undertook in return to make further efforts to popularise and promote the use of Indian raw cotton in the United Kingdom. Indian interests have agreed to reduce duty on certain imports from the United Kingdom and in return it is agreed that in so far as the Empire and other Overseas markets for piece-goods and yarns are concerned, any advantage which may be arranged for British goods shall be extended to Indian goods and that India, in markets in which she has no independent quota, shall participate in any quota which

may be allocated to the United Kingdom. The significance of such agreements lies in the fact that at the present stage of India's industrial development, the real measure of protection necessary to counteract the effects of foreign competition in cheaply produced goods is secured not by a further increase in her tariff wall but by a policy of reciprocal trade concessions—a principle which, in our opinion, should commend itself to acceptance in shaping the future industrial policy of this country. The tangible results of the two agreements can be measured only over a long-term period and it would be premature to forecast them at this stage.

The Report of the Tariff Board regarding the protection to the cotton textile industry, which was published early in the year, lost much of its significance after the conclusion of the above-mentioned two trade agreements and the passing of the Indian Tariff (Textile Protection) Amendment Bill. However, the findings of the report were the outcome of the most comprehensive inquiry of its kind in regard to the textile industry in this country and as such they deserve close attention. It is no exaggeration to say that the textile industry enjoys a key position in the economy of India. But while it is true that a certain measure of protection should be granted to a growing industry of importance for a reasonable period of time, it cannot be perpetuated as a shelter for inefficiency of production and inherent defects in management. The need for reorganization in these directions is now urgent and we would again emphasize our remarks regarding the managing agency system, embodied in our reports for several years. And we would reiterate our request to Government urging the need for a drastic amendment of the Indian Companies Act now long over due.

Looking to actual conditions during the year, it may be said that the cotton textile industry, except in the City and Island of Bombay, has made fair progress towards recovery. The total number of mills in India increased from 344 to 352 this year, though there was a net decrease of three mills in Bombay City. The index number of the wholesale market prices of cotton textiles has advanced by 5 points over that of the last year. Productivity has increased and there has been a good sale of Indian-made cloth, though not quite to the same extent as in the previous years. Several mills in Bombay and Ahmedabad were working throughout the year on double shift, though in Bombay there was complete cessation of night work during the general strike. An unfortunate event which entailed heavy losses to the mills in Bombay was the general strike which commenced on April 23 and lasted for nearly two months upto June 20. The total number of mills affected was 47 and of workpeople involved 86,000. The economic loss which resulted from this prolonged strike was enormous. The growing competition from other centres, intermittent stoppages owing to labour troubles and above all the recent failures of the Currimbhoy group of mills, combined to retard the recovery of the textile industry in Bombay and gave rise to forebodings lest the City will never witness a revival of the industry to anything like its previous dimensions. It is comforting to note that "during the last six months the increased demand for Bombay's cloth has been reflected in a greater spindle and loom activity and several closed mills have changed ownership and recommenced working."

Of recent years a most disconcerting factor has been the number of industrial disputes and the prolonged conflicts between capital and labour affecting the industry adversely. It is hoped that the millowners of Bombay will take a concerted and effective action on the basis of the report of the Bombay Labour office enquiry in order to reduce these unending wage disputes. Mention must be made in this connection of the passing of the Bombay Trade Disputes Conciliation Act, 1934, which marks the entry of Government into the field of industrial peace, and it should assist in preventing minor disputes from developing into grim and protracted conflicts.

Jute :—The Bengal Jute Enquiry Committee reported early this year; but were not unanimous. The Committee surveyed the whole field of the industry and compiled a most comprehensive volume of information on the subject. Acting on their recommendations, the Government of Bengal have already organised an attempt towards crop restriction; and other recommendations regarding marketing and co-operation are under consideration. The jute industry in India enjoys a monopolistic position and is extremely well organised and efficiently managed. The industry has on the whole fared well, though it must be recognised that while the manufacturers have experienced better conditions owing to their solid organisation and controlled production of jute goods, the producers of raw jute, the ryots have suffered heavily as a result of the abundance of raw jute and restricted demand. During the first half of the year exports of raw jute showed an increase and in spite of a heavy curtailment of imports by Germany the demand from Overseas was better than was expected. For the exports of manufactured goods, the figures are not encouraging owing probably to increased competition from overseas manufacturers. Looking at the share values and the dividends paid by the various jute companies one can safely remark that the industry is on its way to recovery. The average increase in values has been as high as 50 per cent. since 1932 and the mills on the non-dividend list have already started paying. Various projects are under consideration to assist trade recovery and there are signs that the year 1935 will witness a steady revival in the industry.

Sugar :—The sugar industry has developed with phenomenal strides. Despite the excise duty of Rs. 1-5-0 per cwt. on factory produced sugar in India and the unabating competition of Java, most of the factories earned profits. Owing to the continuance of the prohibitive import duty of Rs. 9-1-0 per cwt. the industry has enjoyed a sheltered position. Even though some factories were destroyed by the earthquake disaster in North Bihar, the total average production of sugar considerably increased. The estimate for the year 1935-36 is calculated to reach the high figure of 1,100,000 tons which is already in excess of the average consumption of sugar in the country for the last three years, *viz.*, 900,000 tons. The industry is still expanding; new factories are in the process of erection and with new technological equipment, the production of sugar will, in all likelihood, exceed even the present estimates. But as trade recovery sets in and the purchasing power of the masses is restored to a higher level, the consumption of sugar will increase beyond the pre-depression average which stood round 1,200,000 tons per year. It may be noted that whilst the general index number of the wholesale price for food-grains has fallen by 2 per cent. from December 1933 to October 1934 (July 1914=100), the index number for sugar has remained more or less stationary. This will undoubtedly encourage the manufacturers to maintain the high

level of production, but the danger of over-production will become pressing unless some other avenues are opened.

Iron & Steel :—The Iron and Steel industry has been given special protection by the Government of India and consequently, as the Tariff Board Report showed, the share of the available Indian market secured by the Tata Company, which is the biggest steel concern in the country, rose from 30 per cent. in 1927-28 to 72 per cent. in 1932-33. This clearly shows that the industry has made laudable progress and has deserved the protection accorded it. As the protection afforded hitherto expired on March 31, 1934, the Government of India, acting on the recommendations of the Tariff Board, have extended through the Iron and Steel Duties Act, 1934, further protection up to March 31, 1941. Judging from the findings of the Tariff Board, it seems that the industry has made steady and sure progress and will continue to develop further so that the demand in the country can be met by Indian steel products. The potentialities both for industrial development as well as for market demand are so great that there is room for another big steel producing concern. However, at present there are various problems, *e.g.*, distribution being in the forefront, concerning this industry which demand an early solution. Looking to the progress in the past, we trust the Indian steel industry will be given adequate co-operation by the railways in regard to freight, etc., which will remove many of the present difficulties.

With a view to give protection to minor industries, the Government of India amended the Indian Tariff Act, 1894, by the Indian Tariff (Amendment) Act, 1934, of February 19, 1934. The items included in the schedule are fish oil, cotton hosiery, woollen hosiery and fabrics, chemicals, enamelled iron ware, paints, domestic earthenware, etc. It is hoped that the indigenous industries which are, thereby, given protection will take advantage of it and develop along lines which may render the need of protection superfluous.

We are glad to note that the Government of India have passed the Indian Tariff Act, 1934, which gives a comprehensive schedule embodying the provisions given in the Tariff Act of 1894 and in the amendments enacted thereafter.

There were no commissions appointed during the year.

Economic Survey :—We welcome the visit of the British economists, Prof. A. Bowley and Mr. D. H. Robertson, who, at the request of the Government of India, made important recommendations in a report on the organisation of economic intelligence in India. The scheme for an economic census which the experts suggested includes a detailed investigation into rural economic conditions, urban economic surveys together with a census of urban population and a census of occupation. The economic problems of India are so vital and pressing that without an authentic knowledge of facts no solution is practicable. According to the report of these economists, published on April 10, 1934, the sum involved in undertaking an economic survey of the kind they have recommended would amount to Rs. 30 lacs, and in view of this, it is not likely that Government will put the scheme into operation in the near future. However, we hope that the Government of India will carry such of those proposals into effect, as are not very expenseive, but will render available the reliable information of all rural and urban economic conditions which we all so much need.

Earthquake Disaster :—Early in the year, the terrible earthquake disaster in North Bihar threw the whole country into grief; the loss of life and property was incalculable. It was a national calamity and as such efforts were immediately organised throughout the land to bring relief and help to the sufferers. It is worthy of record that the country generously responded to the appeals for funds required for reconstruction, and over a crore of rupees was collected to provide food, clothing and homes to the poor needy. Government and the people co-operated in an united attempt to carry rapidly through the work of reconstruction. Government transferred the estimated revenue surplus of Rs. 129 lacs in the 1934-35 budget to a special fund which will be utilised in assisting the Government of Bihar and Orissa and made provision in the next year's budget for an expenditure of Rs. 75 lacs to repair the damage to the property of local bodies. Further, they assisted the Government of Bihar in plans to render help to private individuals and assist the agriculturists who suffered most in this catastrophe. This great work progressed rapidly and economically and at the close of the year the Province was well on the way to recovery from the catastrophe.

Political Conditions :—Politics, it may be said, have no natural place in a financial and commercial review. Yet in modern States politics, especially in so far as they affect the stability of the government of the day and established institutions, have so vital a bearing on the confidence which is the life blood of credit and industry that a brief summary of the events of the year is demanded. Broadly speaking, the country witnessed a sharp reaction from the violent agitations of the four preceding years, and a definite move from the intransigent attitude of the largest organised political body, The Indian National Congress. That body had pinned its faith on a policy of complete non-co-operation with the Government and on supporting that policy by an active campaign of civil disobedience. It drew from Government sharp measures to break down the open defiance of authority, and these, coupled with a growing feeling in all classes that civil disobedience was not only futile, but harmful to the true interests of the country, produced a reversion to the view that the surest means of advance was the practice of constitutional action. The Congress therefore abandoned the civil disobedience campaign which was the main plank in its platform, and accepted work through the existing constitution as the sphere of its energies. The official ban on the Congress which followed the declared advocacy of civil disobedience was therefore lifted; the property which had been confiscated was restored, and the Congress was left to pursue the new programme of constitutional action.

In these and other circumstances the Government of India decided to end the life of the Central Legislative Assembly, although the near approach of a reform scheme might have justified the prolongation of its existence until the new Act became law. The Congress held its Forty-eighth Session in Bombay during the last week in October, and followed it up by an intense campaign to win as many seats as possible in the ensuing elections. In this campaign it won a striking success, capturing most of the seats in the general electorate and emerging the strongest single Party in the new Assembly. This substitution of constitutional methods for the sterility of non-co-operation and the disruptive effects of civil disobedience, is a significant and welcome

movement. There is so much constructive work to be done, and the loss inflicted on all sections of the community by the prosecution of a no law campaign are of such tremendous national importance, that the country cannot afford to see the efforts of the Government on one side diverted to the necessary but bare work of maintaining law and order, and of some of the best brains of the country to the theatre of mere negation. Much will depend on the purpose to which the Congress members of the Legislature put the political influence they won at the polls. It is one of the most welcome and reassuring signs of the times that several of their most influential men have intimated that they have no intention of beating the air by mere obstruction, but are ready to use their powers for the better government of the country.

Closely associated with this swing over from the sterility of civil disobedience to constitutional action in India was the progress made with the work in England for the framing of a new constitution which shall take the place of the transitory constitution set up in the Government of India Act of 1919, which put in legislative form what is called the Montagu-Chelmsford scheme, from the names of the authors. The Report on the 22nd November of the Joint Select Committee of both Houses of Parliament carried this great work to the semi-final stage. This Report is an historic State document. It passed in review the slow and exhaustive studies of the problem which have been proceeding for nearly five years—the Report of the Simon Commission and of the Joint Committee of the Indian Legislatures which was associated with it; the work of the three sessions of the Round Table Conference which met in London; and the famous White Paper in which the Government of the day embodied its main conclusions upon these inquiries. It subjected every aspect of the constitutional problem to a minute and elaborate examination illumined by the wide knowledge of parliamentary government and detailed knowledge of Indian conditions commanded by the Committee and made detailed recommendations to form the material for a comprehensive Bill. This Report maintained intact the essential principles of the White Paper which crystallised the recommendations of The Round Table Conference. It based the proposed constitution on three great principles.

The unity of India through federation, the Indian States, sovereign and autonomous, being linked with the British Provinces, raised to autonomous status, in all matters of common concern.

The autonomy of these Provinces, more strictly defined as States than as Provinces, each with responsible ministries of their own. The establishment of a wide measure of responsibility in the Federal Legislatures, which are to consist of two Houses, subject to certain safeguards.

But whilst preserving these essential principles the report of the Joint Select Committee in certain respects went beyond the White Paper in defining the special powers of the Governor-General and Provincial Governors, and also in clarifying the safeguards, explaining that as this was a written constitution, whereas the constitution of Great Britain is largely unwritten, apart from the special conditions of the Indian problem it was essential to put into clear language the conventions which exist in the British Parliamentary system, and which alone make it workable.

The reception of the Report in India was unfavourable. If we attempt to summarise the general feeling of the country it is that the powers reserved to the Governor-General and Governors are excessive; that the safeguards are unnecessarily wide and destructive of true responsibility; and that the clear enunciation of Dominion status as the goal of Indian polity has been studiously omitted. The most important of these, in our view, is the omission of any reference to ultimate Dominion status as the definite end of the new constitution. Whilst constitutional pundits may cut blocks with a razor in the attempt to define what Dominion status and The Statute of Westminster actually mean, there is no doubt what they connote in the Indian mind. It is that whatever the internal form of government in India, that government shall have full equality with the other Dominions which make up the British Commonwealth. We must also express our definite opinion that no constitution which does not directly lead, if even by stages, to that consummation will be acceptable to Indian opinion.

Here we shall refer only to the clauses relating to "Commercial discrimination." The Federal Legislature and the Provincial legislatures will have no power to make laws subjecting any British subject domiciled in the United Kingdom (including companies, etc., incorporated or constituted by or under the laws of the United Kingdom) to any disability or discrimination in the exercise of certain specified rights and a similar provision will be made for reciprocal treatment for Indian subjects in the United Kingdom. A provision of far-reaching importance is the imposition of a further special responsibility on the Governor-General which empowers him to prevent administrative or legislative measures "which would subject British goods imported into India to discriminatory or penal treatment." According to the recommendations of the Committee the Governor-General will be empowered to appoint a Financial adviser to assist him in the discharge of his "special responsibility" for financial matters, *i.e.*, the safeguarding of the financial stability and credit of the Federation. The Financial adviser shall also advise the ministers on matters on which they may seek his advice and will be responsible to the Governor-General and hold office during his pleasure.

The vast Bill—it is nothing less, for it is expected to run to four hundred clauses and to be the largest single measure presented to Parliament—will be laid before the House of Commons early in the New Year. It is expected to form the principal work of Parliament in this session. Unfortunately, it has become enmeshed in the web of British Party politics. A section of the Conservative Party, dissatisfied with the work of a National Government in which it has no office, and in part genuinely distrustful of the democratic institutions which have become so unpopular in many world States, is bent on destroying the Bill, though it has nothing to put in its place. The large majority of Conservatives at a Party meeting in favour of the Report, and its subsequent adoption by great majorities of Lords and Commons, clear the air to a certain extent. If the National Government takes its courage in both hands it can carry the Bill. The situation in India is less satisfactory. It is a blunt fact that the Report and the Bill framed on that Report, do not carry that measure of public approval which is necessary to make any new constitution substantially acceptable. There is still the hope that the wiser minds in Parliament will make such amendments in the Bill as to satisfy responsible opinion in this country. Especially that even at the

eleventh hour the clear enunciation of Dominion status as the goal of the constitution in the preamble to any constitution Act shall be beyond cavil. The country is weary of political strife. Delay has already been protracted to the point of making hearts sick. India wants to get on with the great task she has in hand—the adjustment of the political machinery to the changes wrought by modern conditions. Too much time has been lost already.

THE RESERVE BANK.

The Reserve Bank of India Act was passed by the Legislative Assembly in March 1934 and India will have a Central Bank of her own in the near future. The Government of India have already appointed the three chief executive heads—the Governor and the two Deputy Governors and the personnel of the first Board of Directors. Sir Osborne Smith was appointed as the first Governor of the Bank. It may be recalled in this connection that Sir Osborne Smith came to India in 1928 for the Reserve Bank which was then under contemplation. As, however, the Bill was then dropped, the Imperial Bank of India received the benefit of his services. Now the original purpose for which Sir Osborne came to this country will be realised.

The appointment of Mr. J. B. Taylor and Sir Sikander Hyat Khan as Deputy Governors is welcomed. Mr. Taylor is the Controller of Currency and Acting Finance Secretary and his knowledge of Indian Currency problems and administrative experience will be an asset to the Issue Department. Sir Sikandar Hyat Khan, who was the Acting Governor of the Punjab, is connected with various industrial concerns and besides, being a big landowner himself, represents the rural economic interests. His keen insight into business blended with his experience in the high executive offices of the State, will be specially useful in evolving the appropriate administrative machinery of the Reserve Bank as a Central Banking institution of the country.

As we now have the Act in final shape, it is not out of place to observe that although there are important differences in regard to certain clauses in the present Act and the Reserve Bank of India Bill of 1928, the theoretical structure remains fundamentally identical, inasmuch as it was, in both cases, patterned on the lines of the Bank of England. The Central Bank should establish the closest relations with the money market and look after it with parental care. The paramount functions of the Reserve Bank, like that of the Bank of England, should be firstly to watch closely the movements in the money market and adjust its policy accordingly; and secondly, to maintain the currency and credit structure of the country, in sum, to work for the financial stability and economic welfare of India. It is significant to remember in this connection that the cardinal principle in the policy of the Bank of England is not the earning of dividends for its shareholders, but the maintenance and further development of the British trade and industry. The attitude

of the Bank of England towards not only the "Big Five" but numerous banks, foreign as well as indigenous and merchant bankers, is essentially and impartially that of parental sympathy and care. It is commonplace to mention that the British banking structure is the soundest in the world and the Central institution which has historically been responsible for organising and maintaining it is indisputably the Bank of England. It is a great national institution and its role has always been that of a protector of big as well as small banks, including private merchant bankers. In India there are many small indigenous banks and innumerable private merchant bankers—the shroffs—whose banking activities are in need of proper co-ordination. At the same time it must be recognised that looking to the vast area of the country, the number of well organised banking institutions is still small. The Reserve Bank of India should adopt the same attitude towards indigenous institutions as the Bank of England bears towards the entire banking organisation in the United Kingdom. Its supreme task should be to co-ordinate the activities of the small indigenous banking organisations and offer them such protection as will foster the development of a strong well-knit banking structure in this country. For years, we have observed, India has been in great need of such a Central banking institution. It is true that to some extent the Imperial Bank of India has satisfactorily carried out certain functions of a Central Bank. However, these were not enough, as in the first place the Imperial Bank had to work primarily in the interests of its shareholders and its customers, and through this process it sought to do what it could to serve the public good. There was consequently an inevitable clash of interests, chiefly because they were at times of a divergent nature. Secondly, the rate of the Imperial Bank of India, which is generally termed "Bank rate," is not so in reality. As a prominent Government official has described, "it is the rate at which the Imperial Bank would ordinarily lend on Government Paper," whereas the Reserve Bank Discount rate will be the rate at which the bank shall discount bills. As Sir Cecil H. Kisch has defined it in his classical book "Central Banks," "the rate of discount is the chief weapon for ensuring the due proportion between the volume of credit, the note issue and gold holdings and thus for maintaining the stability of the value of the Currency unit." We may add that the Imperial Bank of India rate has remained unchanged throughout the year, and it may be confidently hoped that the Reserve Bank will maintain the level of the Bank rate to suit the requirements of trade, industry and finance of India.

From the next fiscal year, the burden of finding the amount of the Home Charges will rest upon the Reserve Bank. Some critics may contend that this is a big risk to undertake, especially in lean years, when the exportable surplus may not suffice. It should, however, be remembered that the stake of the Government of India in the Reserve Bank is far greater than that of the shareholders and it is therefore certain that Government will work in co-operation with the Bank when it may not be able to find the required resources.

The Reserve Bank will be inaugurated under more auspicious circumstances than in 1928 as there are strong sterling assets to constitute a substantial part of the bank reserve, the credit of the country is high and the currency position is sound.

At present it is proposed to open a branch of the Reserve Bank in each of the big five provinces. However, we sincerely hope that one branch at least in every province of India will be established, so as to offer better trade facilities and to meet the peculiar conditions of each province in the country. Moreover, we hope that like the Banks of the Dominions, the Reserve Bank will establish a branch of its own in London, which is the recognised centre of International finance.

Lastly, now that India will have a central banking institution, it is not too much to hope that it will afford ample scope to train Indians in the art of Central banking, so that at not very distant date, the eminent executive positions of the Bank will be filled by Indians themselves.

Money :—The most noteworthy feature in the money market was the maintenance of the Bank rate at an unchanged level of 3½ per cent. which is an unprecedented occurrence in the monetary history of India. Indian trade is extremely seasonal in character and consequently, it would appear that the changes in trade demand for money should cause variations in the Bank rate. The very fact that the uniform Bank rate of 3½ per cent. was preserved throughout the year indicates that India is steadily approaching the stage attained by the highly organised financial centres of the world, where the seasonal requirements of trade do not necessitate serious alterations or adjustments in the monetary structure and policy of the country. This comparative stability, it must be recognised, has been attained only in recent years and in this connection credit must be given to Sir George Schuster, whose sound and careful management of State finances during the period of his office made this achievement possible. It is interesting to note the method by which this state of affairs has been brought about. Whenever the Government of India required money, they borrowed temporarily from the Imperial Bank of India for Ways and Means disbursements; again when money was in good demand in the market, Government repaid their loans to the Imperial Bank, thereby releasing funds to meet the requirements of the market. If the market had plenty of cheap surplus money, Government obtained the required amount through the channel of Treasury Bill investment. These periodic borrowings were made by Government at such rates and in such amounts that not only did the equilibrium of the money market remain undisturbed, but on the contrary the mechanism of allowing movements of funds required either by Government or the market was effectively maintained. Furthermore, Government regulated the money market in such a way that the market rate of sterling remained nearer to the Government buying rate with the result that banks sold sterling to Government and satisfied their requirements.

The maintenance of the Bank rate at the low level of 3½ per cent. was in accordance with the policy of cheap money which has been followed for the last two years in the rest of the world. The local money market experienced some stringency during the first two or three months mainly owing to demand for funds for year-end requirements and seasonal financing of trade coupled with heavy investment in Treasury Bills, when money rates rose as high as 4 to 5 per cent. In this connection mention must be made of the intensive agitation carried on by the Currency

League of India for a reduction in the Rupee sterling ratio in February, which added to the stringency of the market. Another factor which also accounted for higher money rates was that the exchange rate during this period was lower than the rate at which Government were buying sterling. Subsequently barring a few spasmodic spurts, the call rate was throughout the year well below the Bank rate and only on a few occasions, was the market forced into the bank. This comparative easiness in money rates forestalls in certain respects the functions of the Reserve Bank. During this latter period the market was so flooded with surplus funds that even when there was good demand from trade, there was heavy investment in three months' Treasury Bills and Government never varied the tenure of this usuance during the year. As Government could obtain sufficient funds whenever they required, they reduced the amount of Treasury Bills from Rs. 2½ crores to Rs. 2 crores in January and then gradually to Rs. 1 crore on May 1. Government carefully varied the rate of acceptance from time to time and during the latter part of the year lowered it to as low as Rs. 0-12-4 per cent. However, they were able to borrow large blocks every week by tenders and on tap without any undue strain on the market.

Moreover, Currency expansion on May 3 proved an additional factor in keeping the money market comfortable. Government took full advantage of cheap money conditions and floated two rupee loans at very cheap rates.

The reasons for plentiful cheap credit and a glut of idle funds were, as in the previous years, firstly low commodity prices and only seasonal demand from trade and secondly release of a considerable volume of frozen credit through the sale of hoarded gold. The total value of gold exported from India since September 1931 to December 1934 aggregated Rs. 213 crores.

There was and still is hardly any substantial revival in trade and consequently whatever little demand there was for finance was only of a seasonal nature.

In addition to Treasury Bill operations to adjust the Ways and Means position, the Government of India frequently borrowed short-term loans from the Imperial Bank of India. However, the Imperial Bank was in no need of financial assistance from the Paper Currency Department as the Bank now maintains a large cash ratio to meet normal requirements. It must be pointed out, however, that even if the Imperial Bank did require such assistance, it is still technically debarred from borrowing funds from the Paper Currency Department by the Currency Act of 1927, so long as the Bank rate does not exceed 6 per cent. In view of the continued cheapness of money, which is bound to persist for sometime, the present appears to be the appropriate occasion for amending the Currency Act so as to conform to the changed conditions of the Indian money market.

A noteworthy feature during the year was the expansion of currency to the extent of Rs. 3 crores in the first week of May against sterling assets held in the Currency Department. This increase in sterling securities was occasioned by the transfer of £2¼ million sterling from the Home Treasury to the Paper Currency Reserve in England. The changes in notes in

circulation and reserves during the year were due to normal trade operations. The minimum of notes in circulation amounted to Rs. 176.58 crores and the maximum to Rs. 185.63 on April 7 and October 30, respectively. In the third week of January Government transferred Rs. 6.77 crores worth of gold from the Gold Standard Reserve held in India to the Paper Currency Department against a corresponding cancellation of rupee securities. There was, however, no change in the note circulation as a result of this increase in metallic reserve. Again, a transfer of gold worth Rs. 3.87 crores from the Gold Standard Reserve in India to the Paper Currency Department was made during the end of March. Rupee securities to a like amount were cancelled, the amount of notes in circulation remaining unchanged. This was the last transfer made during the year from the Gold Standard Reserve to the Paper Currency Department. It may be noted that during the same period a big decrease was shown in the securities held in India which declined by Rs. 7.91 crores with an almost compensating increase in sterling securities in London.

Government Securities :—The gilt-edged market showed remarkable strength throughout the year barring a few temporary periods of dullness caused by events of national or international importance. The reasons for this persistent strength are more or less the same as those which explain parallel conditions in other markets. These are firstly abundance of cheap money and secondly, lack of confidence in industrial investment. The policy of cheap money has been continued and intensified throughout the world as is evidenced by the low level of money rates obtaining in markets of other countries. So long as world trade remains contracted to its present level there is hardly any prospect of a substantial rise in money rates. The market in India has been glutted with idle funds. Money rates have on an average ranged between 1 to 2 per cent. and the Imperial Bank of India rate for advances remained unchanged throughout the year at 3½ per cent. Except during the seasonal period there was hardly any substantial demand from trade and continued exports of gold brought in surplus funds. Again industries are still suffering from the effects of trade depression and though there are occasional spurts in industrial share values investors show a feeling of hesitation about putting their money in them. Inevitably, therefore, the only channel open for safe investment is the fixed-interest-bearing security. For short-term employment of idle funds the market turned to the three months' Treasury Bills; and Government, owing to easy money conditions, could borrow through the three months' Bills at very cheap rates. The market was relieved of surplus funds only by the issue of Treasury Bills in the absence of which, as pointed out elsewhere in this report, the flood of surplus funds would have had a depressing effect on money rates.

Government experienced no difficulty on account of the continuance of sterling exchange at the statutory rate. Currency was expanded on May 5, 1934, upto the extent of Rs. 3 crores against sterling assets held in the Currency Department instead of raising money rates or

tightening credit in an artificial manner. This also infused additional strength into gilt-edged as was shown by a good investment demand for all scrips during that month.

Political activity in the country was on the whole of a peaceful nature and the local gilt-edged market remained more or less indifferent to reactions which the publication of the Joint Parliamentary Committee report evoked in the minds of the public in general. India sterling stocks enjoy the full confidence of the British investing public and the strength which these stocks display in the London market have a healthy and beneficent influence on the gilt-edged values in the local market. The Government of India took advantage of the sound position of gilt-edged and successfully floated two rupee loans. These loans were conversion operations, whereby they were able to spread about 21 crores, which form about 40 per cent. of their immediate liabilities over 4 years and also save interest charges.

Sterling Exchange :—Currency instability and abnormally wide fluctuations in foreign exchanges continued to remain the usual features of the international finance market. With the prospect of stabilisation as remote as ever, it is only natural and inevitable that certain "currency groupings" have come into existence, chiefly in order to defend the interests of the group in unison and maintain trade relations within the allied area. Two such groupings are the "gold bloc" representing the European countries on the gold standard including France, Italy, Switzerland, Holland, etc., and the "Sterling area" including the United Kingdom, Canada, India and the Scandinavian countries, etc. As the rupee is linked with sterling, the impact of the fluctuations in the international market is not felt very severely, though when measured in terms of gold and gold currencies rupee fluctuations were as wide as in any other currency. Calculations for purposes of trade are made in sterling and the balance of trade is adjusted through this currency; all private and public debts are incurred and repayable in sterling; and the Government of India always pays the Home Treasury charges in sterling. Hence for all practical purposes, it is only fluctuations in the sterling exchange market that are of prime concern to India.

The sterling exchange market remained steady throughout the year, save for a few spasmodic recessions from 1*s.* $6\frac{1}{16}$*d.* The export of gold was the mainstay of the market and the large purchases of sterling remittances made by the Government were facilitated by gold exports. However, as pointed out earlier in this report, this facility should be regarded as only temporary as it is evident that India cannot continue any longer to export gold at the same pace. The visible merchandise trade balance in India's favour is only Rs. 25 crores, whereas the budgetted remittance requirements amount to £26.7 million. If the visible balance of trade does not improve, and the inevitable falling off in gold export occurs, it is obvious that Government will have to resort to other sources to meet their commitment to the Home Treasury.

Again, a country-wide campaign was started by a body named the Currency League of India for the reduction of the Rupee sterling ratio from 18*d.* to 16*d.* or under, when the Reserve Bank Bill was placed before the Legislative Assembly in April 1934. This had no direct effect

on the sterling exchange market though it added to the tightness in the money market for some time. Government announced their determination to continue the present ratio and after the passing of the Reserve Bank Act, the controversy automatically died down. It is, indeed, necessary to consider whether the argument for " devaluation " of the rupee in terms of sterling has now the same substance as it possessed when sterling was on the gold standard. It is obvious that ever since the pound went off gold, it has depreciated in terms of gold and gold currencies; and the rupee being linked with it has depreciated to a corresponding extent. The question now is whether it is desirable to devalue the rupee still farther, which will be only in terms of sterling unless, of course, the rupee is divorced from sterling and becomes an independent currency itself. The latter course would prove a disastrous experiment in view of the present instability in currency exchanges, and would be ruled out of consideration even by the extremists among the ratio-changers. We ask what immediate benefit could accrue to India by devaluating the rupee in terms of sterling ? Perhaps it may be imagined that this would stimulate exports; but only to the United Kingdom, which owing to increase in intra-imperial trade during the recent years have already augmented. Surely the appropriate time for considering the question of the revision of rupee sterling-ratio should be when the world currencies are stabilised.

Gold :—" In the world to-day we have, in effect, some sort of gold standard, plus a comparatively stable sterling standard and as, a doubtful free lance, a dollar standard ; and both the present and future relations of the off-gold currencies to gold are vague." This is a correct description of the foreign exchange market for the period under review. The relations between gold and the exchange parities of various currencies on the gold standard is so close that the fluctuations of sterling in terms of the latter currencies affect the price of gold profoundly. The opening quarter of the year was full of incidents of a dramatic character in the international monetary field. An event of major importance was the decision taken by the United States Government in January to limit the maximum alteration in the gold content of the dollar to between 50 and 60 per cent. of the old value and the administrative action based upon it to fix the new value at 59.06 per cent. of parity, equivalent to a gold price of $35 per ounce, reserving the right to make further changes within the specified limits.

The direct consequence of the devaluation of the dollar was the heavy shipment of gold to New York and it is estimated that at the end of March 1934, the gold stock of the United States, if measured by weight, had been raised to the highest amount ever reached in any year except 1931, " while the dollar value of the gold stock reflecting the effects of the revaluation at $35 to the ounce as well as the recent gold inflow was more than 60 per cent. above the high point of 1931 and more than double the highest figure ever reached prior to 1922." At the end of 1934 the total imports of gold into the U.S.A. were estimated at $1,000 million dollars which have doubled the monetary stock of gold in twelve months. The foreign exchange rates throughout the year moved more or less in consonance with the demand for gold for

export to the United States; this increased the price of gold with the effect that considerable amounts were brought out from the hoards of private individuals and firms. Throughout the year reactions in the local market were more or less in sympathy with movements in the international gold market. Rumours regarding a further devaluation of the dollar and the continued pressure felt by the "gold bloc" countries which would force them "off gold", cropped up from time to time with repercussions on the gold market. The element of uncertainty, which has a disruptive influence on the foreign exchanges, has made the local market exceedingly sensitive and credulous. However, the higher price of gold attracted large blocks from the hoards of private individuals who were tempted to convert into cash, owing to low commodity prices and pressing economic conditions. In the coming years, however, gold exports will gradually slow down as it is doubtful whether gold will still be coming out of private hoards for sale. It appears that with a little rise in commodity values, the Indian agriculturist may cease selling the balance of gold left with him. The exports of gold from India since September 1931 to end of 1934 amounted to Rs. 213 crores.

As the report of the Bank of International settlement for the year 1933-34 points out, "in no year to date has the new production of gold been so great, or its international movements of such magnitude, or the volume of private hoarding so extensive." These processes have still been in operation in the year. Production from mines increased, thereby augmenting the total supply of gold for monetary reserves. The process of hoarding, both public and private, continues at the same pace and the scramble for gold abroad has not ended. We give below a comparative table showing the monetary reserves of the Banks of some important countries. There

Note circulation and Gold Reserve.

Central Banks of important countries.	1932.				1934.			
			Note circulation.	Gold Reserve.			Note circulation.	Gold Reserve.
Bank of England.	30-12-32	£	371 mil.	120.6 mil.	31-12-34	£	394 mil.	192 mil.
Bank of France .	30-12-32	Fr.	82,565 ,,	83,120 ,,	28-12-34	Fr.	83,412 ,,	82,124 ,,
Swiss National Bank	31-12-32	S. fr.	1,610 ,,	2,471 ,,	31-12-34	S. fr.	1,440 ,,	1,909 ,,
Netherlands Bank	27-12-32	Fls.	961 ,,	1,032 ,,	31-12-34	Fls.	912 ,,	842 ,,
Bank of Sweden..	31-12-32	Kr.	598 ,,	206 ,,	31-12-34	Kr.	708 ,,	285 ,,
Bank of Denmark	31-12-32	Kr.	331 ,,	133 ,,	31-12-34	Kr.	386 ,,	133 ,,
U. S. Federal Reserve Bank .	30-12-32	$	2,735 ,,	3,148 ,,	31-12-34	$	3,215 ,,	5,124 ,,
Reichsbank, Germany ..	3-1-33	R.M.	3,560 ,,	806 ,,	31-12-34	R.M.	3,900 ,,	79 ,,
Bank of Japan ..	10-12-32	Yen	1,061 ,,	480 ,,	8-12-34	Yen	1,205 ,,	465 ,,

is no fear of a shortage of gold as the monetary value has increased as a result of the devaluation of certain currencies, notably the American dollar. Assuming that sooner or later other currencies of the countries now on the gold standard are also devalued to, say, by about 25 per cent., the gold reserves of these countries will be correspondingly revalued. The year

1934 has, it seems, brought us nearer stabilisation and it is hoped that concerted efforts will be made by the leading nations to banish uncertainties from the international monetary field and remove the economic and political barriers which have disorganized the entire system of international commerce.

Silver :—After the silver agreement at the World Economic Conference last year, another step towards the " rehabilitation of silver " was taken by the proclamation by President Roosevelt on August 9, regarding the nationalisation of domestic silver. The Silver Purchase Act of 1934 which became law on June 19, 1934, authorised the President to take over all silver at a fair value based on the current market price and accordingly the Presidential proclamation called on all holders of silver in the United States to sell their stocks to the Treasury at a fixed price of 50.01 cents an ounce. Ever since the American Treasury has been buying silver at such rapid pace that during October signs of a " silver boom " were apparent which, incidentally, compelled the Chinese Government to make representations to the U.S.A. and ultimately to raise the export duty on silver from 2½ to 10 per cent. with a reservation to raise it still further if the price of silver went higher, thereby intensifying the " silver drain " from China. The Silver Purchase Act declares the ultimate objective of the administration as the maintenance of 25 per cent. of the monetary reserves in the form of silver and the remaining 75 per cent. in gold, though the execution and consummation of this policy is left to the discretion of the administration. This envisages the purchase of nearly 1,500 million ounces of silver by the American Treasury to carry their policy into full effect. The programme is evidently therefore a long-term one. However, the silver question has a markedly political aspect in the U.S.A. and the Silver Purchase Act of 1934 is looked upon more or less as a political compromise. " The root of the silver agitation," as pointed out in a leading article in The *Economist* (August 8, 1934) " lies of course in the heavy fall in the price of silver which had been apparent ever since 1920, but was very greatly accentuated during the early years of depression." Of late silver producers have been agitating for a rise in price, and particularly in America, ever since the advent of the Roosevelt administration, the silver interests have been urging the President to bend his efforts in this direction. Actually, the American Treasury had bought at the end of the year a little over 300 million ounces, approximately half of which was acquired by nationalisation on August 9. It appears that the silver protagonists are not satisfied with this volume of Treasury purchases and they are intent on increasing the pace, evidently with the ultimate object of raising the price of the metal still higher. The world production of silver is estimated in recent years to be about 170 million ounces and the total stocks in India and China are about 700 million ounces. If the silver interests in America have their way, silver will see record peaks in the coming year. There are, however, various considerations which have to be taken into account, not the least important being the effect of an aggressive silver policy by the U.S.A. Government on Chinese economy. In any event, the American silver policy is to-day the dominating factor in shaping the world price of silver and will continue to remain such for some time to come.

The total exports of silver bullion from India during the calendar year amounted to 41.465 million ounces valued at Rs. 5.29 crores of which exports on Government account

amounted 35.007 million ounces valued at Rs. 4.53 crores. Imports of silver bullion during 1934 totalled 17.740 million ounces valued at Rs. 2.48 crores.

Activity in the local market followed more or less the market trend in other countries. Till the middle of the year, conditions were dull; but with the proclamation by President Roosevelt of the nationalisation of domestic silver on August 9, interest was revived and was well maintained until the end of the year. Looking to the net consumption of silver, there is some improvement, as nearly 11 million ounces worth about Rs. 1.12 crores were imported and purchased on private account. The total imports of silver for the year amount to 17.740 million ounces and Government have realised a fair amount from the import duty which exceeds their budgetted estimate of Rs. 1 lac, but this improvement in consumption is only apparent, as these imports are more or less arbitrage operations and as there is no genuine demand stocks are likely to be re-exported after the Budget announcement, because they will have served their purpose. The sale of silver by Government of India amounting to about 35 million ounces was effected, however, in the outside market. It must be emphasized that so long as a high import duty on silver is maintained and loopholes for illegal importation continue to exist, Government are not likely to benefit from the imposition of a duty on silver imports. It cannot be gainsaid that the figures cited above show that India continues to buy silver, but evidently on a very reduced scale, owing to the low commodity price level; and whatever little demand exists is met by sources other than those strictly legal. During April and May several protests were made against importation of silver free of duty from the land frontiers of Persia and Afghanistan. The Government of India deserve congratulations for taking prompt and effective action on May 19 to stop such improper imports which tended to create unfair competition in the local market. Loopholes continue to remain and smuggling is carried on. An effective method of coping with it would be either to reduce the duty to a level at which it will not be profitable to smuggle or remove it altogether because it operates as a check against imports of silver, as the genuine demand from consumers is negligible owing to the high price and the duty yields no considerable revenue to the Central Government. The duty serves no useful purpose, but on the contrary gives rise to smuggling and invariably to unhealthy speculation, usually in the pre-budget period.

Shares :—Activity on the Stock Exchange during the year reflected to a certain extent the general conditions of trade and industry in the country. On the whole 1934 witnessed an upward trend in share values, which indicates that the industrial concerns whose stocks have registered notable advances are progressing and have consequently been attracting the attention of investors. The cotton mill industry has fared better this year even in Bombay and prices of almost all shares at the close of the year displayed firmness.

It will be observed from the graphical representation given at the end of the review that almost all the cotton mill shares show a steadily rising curve. The Bombay Dyeing shares which once touched Rs. 663-12 rose to Rs. 950 and firmed thereat; similarly the highest and lowest figures for certain other cotton mill shares are:—Century Rs. 343-12 and Rs. 181-4; Central India Rs. 341-4 and Rs. 211-4; Kohinoor Rs. 221-4 and Rs. 115-10 and Swadeshi Rs. 238-2 and Rs. 136-14 respectively. This clearly shows that the cotton mill industry is well on its way to

recovery. A similar upward tendency is strikingly manifest in the miscellaneous section. The electricity shares have shown persistent firmness as evidenced by the highest and lowest figures for the Tata Power and Andhra Valleys, which were Rs. 1,436-4 and Rs. 897-8, and Rs. 1,672-8 and Rs. 1,306-4 respectively. Cement shares were also firm throughout the year, the highest and lowest values for Indian Cement and Bundi cement shares being Rs. 480 and Rs. 276-14 and Rs. 35-8 and Rs. 25 respectively. The stocks of both these concerns were in good demand which proves that they are in a much better position than last year. Steel shares have been much in the limelight and Tata Ordinary and Deferred shares have reached peak levels. In view of the extension of protection in combination with the big programme of railway construction, which have given additional strength to these shares it is anticipated that they will register a further rise and remain in 1935 an attractive feature of the Stock Exchange. There was also a fair enquiry for the stocks of public utility and other dividend-paying concerns. The Bank shares have also displayed steadiness.

Trade of Bombay :—For the past several years trade and industry of Bombay have suffered gradual deterioration. The reasons for this state of affairs are too well-known to need special mention. During the period of the great depression, the volume of trade passing through the Port of Bombay has shrunk to appalling dimensions ; and even with what little recovery there has been in the total merchandise trade of India, there was no change whatever in the trade entered through the port of Bombay. The total volume of external trade of India including treasure imports and exports amounted to Rs. 349.72 crores and the quota of Bombay's trade in this figure was Rs. 142.44 crores, *i.e.* about 40 per cent. which is the same as last year. If, however, the treasure figures are excluded, the percentage of Bombay's trade in the current year has fallen by nearly one half per cent. it being about 29·6 per cent. compared with about 30 per cent. in 1933. The outstanding single factor which is responsible for the decline of trade in this port has been the increasing deflection of trade to Western India ports. It is worthy of record that the problem of trade diversion has received a good deal of attention from the Government of India and efforts are afoot to counteract the adverse consequences of such unhealthy competition. Mention must be made in this connection of the welcome decision taken by the Government of Bombay and the Bombay Municipality to forego their shares in the Town Duty on raw cotton, which was an important source of revenue to both. It is hoped that the Port Trust authorities will lend their assistance, by way of reduction in port dues, and consolidate efforts to recapture the lost trade of Bombay.

Owing to severe economic depression, industrial enterprise was almost dead. During the year under review, however, the industries in the City have made steady progress. The cotton mill industry, which is of vital importance to the economic welfare of the City, has passed through hard times and is handicapped in recovery and expansion owing to the expensive Managing Agency system and chronic conflicts between Capital and Labour. However, it is encouraging to note that industry is again well on its way to recovery.

Among other factors which are likely to cause anxiety are the unsatisfactory position finances of the Government of Bombay and high cost of living in the City. With the advent of Provincial Autonomy Government will, it is believed, put their finances on a sounder and more stable basis.

There are indications of the approach of more propitious times bringing in their train improvement in trade and revival of confidence and industrial enterprise among the business community of Bombay. We hope that the true citizens of Bombay will lend their energies to bring back prosperity to the City.

Outlook for 1935 :—The year 1934 therefore ends on a note of hope and reasoned confidence. The violent political activities which racked the country have died down and political thought turned to constitutional channels. The credit of India has developed almost unexpected strength. Already in London it is a three and half per cent. basis, and we have little doubt that rupee paper will follow suit. One instance suffices to indicate this change. The old three per cent. loan was for years a drug on the market, and Government were hotly criticised for issuing at a rate which depressed credit. The Government has again successfully floated a three per cent loan. We do not overlook the fact that a powerful force in this improvement is the export of gold, and that export respresents a drain on the reserve power of the community. But what are reserves for, if not for use in time of emergency ? Moreover, owing to the rise in the price of gold the Indian seller has made immense profits on the realisation of this part of his store of value. The increase in the value of produce has brought relief to the predominant agricultural community, and has helped to redress that catastrophic gap between the price he realised for his produce and the price he had to pay in interest on debt and on his dues to the Government. The two great manufacturing industries—Cotton textiles and jute—are on a far better basis. The new basic iron and steel industry is flourishing, and the newest industries, cement and manufacture of sugar, are prospering. The Reserve Bank, established under such favourable auspices, both in time and personnel, comes at an opportune moment to direct wisely the control of credit. We look with confidence to the emergence of a sound discount system in place of cash credits which are less efficient and more expensive. In retiring from the governorship of the Imperial Bank, Sir Osborne has left that great institution in a sound position and with prospects of unimpaired usefulness to the community and profit to the shareholders. But this note of confidence must be accompanied by a note of warning. The older industrial countries are now bent on the painful task of adjusting their productive power, so vastly increased by the progress of science and invention, to the consuming needs of the world. It would be a serious error, and cause great loss, if India expanded her productive power beyond the absorbing capacity of the country. That applies in particular to a new industry like sugar. We have shown earlier that the present production of sugar in India is near present saturation point. We must not be interpreted as meaning that immediate saturation point must necessarily be permanent. Indian consumption of sugar is limited only by the buying power of the community. Any increase in that buying power through better prices for agricultural produce and general prosperity will be reflected in a larger consumption. Our point is that a wise industrial policy should be carefully adjusted to the buying power of the country itself, for we have only to look East and West, and to the intensity of economic nationalism, to realise that the prospects of selling a surplus in world markets is straitly limited. We think also that publicists should address their earnest attention to the population problem. No one can contend that the vast increase in population during the last decade was—or could be—accompanied by a proportionate increase in the productive power of the country. There is the real danger lest, in the words of a recent writer, if this movement is unchecked India will develop into a vast rural slum. However, that is too great a subject to justify more than passing mention in this review. Suffice it to close on this note of hope, with a warning that hope must not degenerate into over-confidence.

DIARY.

Money :—

May	3rd week	..	Expansion of currency to the extent of Rs. 3 crores.
,,	Last week	..	Current account interest reduced to 1 per cent.
,,	31st	..	3½ per cent. conversion loan for Rs. 32 crores announced.
September	5th	..	New 3 per cent. Conversion Rupee loan for an unlimited amount announced.

Imperial Bank Statement :—

Government Balances :—

January	1st	..	Ways and Means Advances outstanding balance amounted to Rs. 1½ crores.
,,	1st week	..	Government borrowed Rs. 3 crores for Ways and Means.
,,	2nd week	..	Government repaid Rs. 2½ crores reducing the outstanding to Rs. 2 crores.
,,	3rd week	..	Government borrowed Rs. 2 crores for Ways and Means.
,,	Last week	..	Government repaid Rs. 3 crores against Ways and Means.
February	1st week	..	Government borrowed Rs. 3½ crores for Ways and Means.
,,	2nd week	..	Government borrowed additional 3 crores for the same purpose.
,,	3rd week	..	Government borrowed further Rs. 50 lacs for Ways and Means, bringing the total borrowings to Rs. 8 crores.
,,	Last week	..	Government repaid Rs. 1½ crores against Ways and Means.
March	1st week	..	Government reborrowed Rs. 3½ crores for Ways and Means thus raising the total outstandings to Rs. 10 crores.
,,	2nd week	..	Government repaid Rs. 1½ crores against Ways and Means.
,,	3rd week	..	Government repaid further Rs. 1½ crores.
,,	Last week	..	Government repaid Rs. 7 crores against Ways and Means Advances, thus liquidating their debt.
April	1st week	..	Government borrowed Rs. 4½ crores for Ways and Means.
,,	2nd week	..	Government repaid Rs. 1½ crores against Ways and Means.
,,	3rd week	..	Government repaid further Rs. 1½ crores.
,,	Last week	..	Government repaid Rs. 1 crore and reduced the outstanding balance to Rs. 50 lacs.

May	1st week ..	Government repaid Rs. 50 lacs and liquidated the whole amount outstanding against Ways and Means borrowing.
June	1st week ..	Government deposits fell by Rs. 234·33 lacs to Rs. 6·94 crores.
,,	2nd week ..	Government borrowed Rs. 3½ crores for Ways and Means.
,,	3rd week ..	Government again borrowed Rs. 1 crore for the same purpose.
,,	Last week ..	Government further borrowed Rs. 5 crores and the amount outstanding aggregated Rs. 9½ crores.
July	1st week ..	Government borrowed additional Rs. 4 crores for Ways and Means.
,,	2nd week ..	Government borrowed again Rs. 1 crore for this purpose bringing the total amount of such borrowings to Rs. 14½ crores.
,,	3rd week ..	Government repaid Rs. 1 crore against Ways and Means.
,,	Last week ..	Government repaid additional Rs. 2 crores.
August	1st week ..	Government reborrowed Rs. 1 crore bringing the amount of outstandings against Ways and Means to Rs. 12½ crores.
,,	2nd week ..	Government repaid Rs. 2 crores against Ways and Means.
,,	3rd week ..	Government repaid Rs. 3 crores for Ways and Means.
,,	Last week ..	Government repaid further Rs. 2 crores reducing their debt to Rs. 5½ crores.
September	1st week ..	Government borrowed again Rs. 1 crore and increased their debt to Rs. 6½ crores.
,,	2nd week ..	Government repaid the entire outstanding balance of Rs. 6½ crores against Ways and Means.
,,	3rd week ..	Government again borrowed Rs. 2 crores for Ways and Means.
,,	Last week ..	Government repaid the outstanding Rs. 2 crores.
November	1st week ..	Government borrowed Rs. 3 crores for Ways and Means.
,,	2nd week ..	Government borrowed additional Rs. 1 crore for the same purpose.
,,	3rd week ..	Government repaid Rs. 1 crore against Ways and Means.
,,	Last week ..	Government repaid further Rs. 1 crore, reducing the debt to Rs. 2 crores.
December	1st week ..	Government borrowed Rs. 3 crores for Ways and Means.
,,	2nd week ..	Government repaid Rs. 2 crores against Ways and Means.
,,	3rd week ..	Government borrowed again Rs. 1 crore.
,,	Last week ..	Government borrowed further Rs. 1 crore and the total outstanding balance against this head stood at Rs. 5 crores at the end of the year.

Currency Returns :—

January	1st week ..	Increase in Notes in Circulation of Rs. 27·58 lacs against silver reserves.
„	3rd week ..	Rs. 6.77 crores worth of gold held in Gold Standard Reserve in India transferred to Paper Currency Department.
		The percentage of metallic reserve to Circulation increased from 73·95 to 77·75.
March	1st week ..	Notes in Circulation declined with corresponding fall in silver coins.
„	3rd week ..	Rs. 3·87 crores worth of gold held in Gold Standard Reserve in India transferred to Paper Currency Department.
„	Last week ..	Increase in Note Circulation though silver coin and bullion were unchanged.
		Securities in India declined by the large figure of Rs. 7·91 crores to Rs. 29·45 crores with a corresponding increase in the new item of sterling securities in London to Rs. 8·25 crores.
April	.. .. ..	Slight changes in Notes in Circulation.
May	1st week ..	Expansion of Currency to the extent of Rs. 3 crores.
		Notes in Circulation increase from Rs. 176·85 crores to Rs. 179·08 crores.
„	Last week ..	Increases in Notes in Circulation against silver reserves.
June/September	.. .. ..	Notes in Circulation increased gradually every week amounting to Rs. 185·06 crores on September 30, 1934.

Treasury Bills :—

January 9th	Amount of weekly tenders reduced from Rs. 2½ crores to Rs. 2 crores.
„ 15th	Amount of weekly tenders further reduced from Rs. 2 crores to Rs. 1½ crores.
„ 23rd	Yield on treasury bills reduced from Rs. 2-11-7 per cent. to Rs. 2-4-0 per cent.
„ 30th	Yield rate further reduced to Rs. 2-1-2 per cent.
February 6th	Average rate on treasury bills again reduced to Rs. 1-15-0 per cent.
„ 14th	Sale of intermediate bills resumed.
March 28th	Yield rate further raised to Rs. 2-4-0 per cent.
April 17th	Yield on treasury bills increased to Rs. 2-8-0 per cent.
„ 24th	Yield on treasury bills lowered to Rs. 2-5-10 per cent.
	Sale of intermediate bills discontinued.
May 1st	Yield on treasury bills was further reduced to Rs. 2-1-7 per cent.

May	8th	Yield rate lowered down to Rs. 1-11-0 per cent.
,,	15th	The amount of treasury bills was reduced from Rs. 1½ crores to Rs. 1 crore.
		Yield on treasury bills was brought down to Rs. 1-3-3 per cent.
,,	22nd	Yield on treasury bills diminished to Rs. 0-15-10 per cent.
,,	31st	Government invited subscriptions to the 3½ per cent. 1947-50 loan in treasury bills maturing upto 30th June and those maturing after that date. Rs. 97·45 lacs of such bills were accepted.
June	5th	Sale of treasury bills was suspended.
July	17th	Sale of treasury bills amounting to Rs. 1½ crores was resumed and the rate of acceptance was Rs. 0-12-4 per cent.
,,	18th	Sale of intermediate bills re-introduced.
,,	24th	Yield on treasury bills increased slightly to Rs. 0-15-7 per cent.
August	28th	Yield rate was gradually raised to Rs. 1-6-11 per cent.
September	4th	Sale of intermediates discontinued.
,,	18th	Yield on treasury bills reduced to Rs. 1-6-0 per cent.
,,	19th	Sale of intermediates re-introduced.
October	24th	Yield on treasury bills increased to Rs. 1-7-8 per cent.

Government Securities :—

January	1st	Gilt-edged securities firm.
February	middle	Rise in security values on rumours that no fresh loans will be issued by Government this year.
March	beginning ..	Gild-edged firm.
April	beginning ..	Sharp fluctuations in gilt-edged.
		Yield on Post Office Cash Certificates was reduced to 3½ per cent.
May	beginning ..	Gild-edged weak.
,,	middle ..	Prices of gilt-edged ruled firm.
,,	31st	A second 3½ per cent. Rupee loan repayable in 1947-50 was issued at Rs. 98-8 per cent.
July	opening ..	Gild-edged firm with steady demand.
August	1st week ..	Prices weakened owing to disturbing news from Austria and Germany.
September	1st week ..	Security values steady.
,,	5th	Issue of a new 3 per cent. Conversion loan repayable in 1941 issued at Rs. 99%.
October	beginning ..	Prices sagged.
November	1st week ..	Confidence in gilt-edged revived.
December	middle ..	Market firm and prices reached high levels.
,,	Last week ..	Steady tone.

MONEY.

Money market opens steady.

Throughout the closing weeks of 1933 money rates were high, day to day loans being quoted at between 3 and 4 per cent. Heavy investment in Treasury Bills, coupled with considerable forward business in gold, was responsible for the tightness in the money market. The call rate was 4½ per cent. in the last week of December. This stringency in money rates was partly due also to keen demand for meeting year-end requirements.

Slight easiness in money.

The New Year, however, saw money a shade easier and call funds were available at about 3 per cent. Investment in Treasury Bills continued at the same pace as was evidenced by the large amounts tendered for Rs. 2½ crores of Treasury Bills in the first week of January. The maturities amounted to Rs. 140.75 lacs, whereas renewals were Rs. 295.75 lacs. Consequently Government reduced the amount of tenders and discontinued the sale of Intermediates. This policy was bound to affect money rates, though only temporarily. However, money was again in good demand and call loans were quoted at about 3 to 3½ per cent. This was partly owing to a marked improvement in the trade demand which, as per the statement of the Imperial Bank of India of January 12, showed an increase of Rs. 132 lacs. It may be noted, however, that even though the yield on Treasury Bills was lowered from Rs. 2-11-7 per cent. to Rs. 2-8-11 per cent., the total amount tendered for Rs. 1½ crores of three months' Treasury Bills on January 15, was over Rs. 3½ crores.

Good demand for short-term funds develops.

Temporary easiness in call rate.

After nearly two weeks of stringency, money was somewhat easier in the closing week of January, the call rate being quoted at about 2½ per cent. This was mainly due to the release of funds, hitherto locked up in financing gold, as a result of export of the major portion of stocks on hand, against which more than two million sterling were sold to Government. Large shipments were anticipated during the last week of January, which would bring additional funds in the market; and this expectation tended to relieve even the small tension then existing in the money market. Other factors which also proved conducive to easiness in money rates were the excess of Treasury Bill maturities over renewals and the reduction by Government in the yield rate from Rs. 2-8-11 per cent. to Rs. 2-4-0 per cent. The trade demand as per the Bank's Statement of the 19th and 26th January, showed a small increase of Rs. 94.87 lacs.

Rates become steadier.

During the first two weeks of February money rates were fairly steady, call funds being available at 2 to 3 per cent. It is significant that during this period considerable funds were directed to Rangoon for financing the rice crop. However, money remained comfortable owing to excess of treasury maturities over renewals, coupled with heavy sales of sterling to Government both by weekly tender and on tap. The demand from trade was also slack showing a decline of Rs. 119.37 lacs.

Tightness developed in the money market about the middle of the month under review, when money rates jumped up to as high as 5 per cent. and consequently some banks had recourse to the Imperial Bank of India for short-term advances. There were three main factors which accounted for this strength: (1) the financing of movement of the cotton crop from upcountry to trade centres and the large stocks of cotton held at the ports pending shipments to Japan during the subsequent weeks, (2) financing of bullion settlement and (3) investment in Intermediate Treasury Bills since their resumption on February 14. The rate, however, eased off to 3½ per cent. at the close of the week.

Rates tighten.

Though large maturities were due during the last two weeks of February and Government had to borrow further Rs. 3 crores, their total borrowings from the Imperial Bank for Ways and Means then aggregating Rs. 7½ crores, the yield on Treasury Bills was reduced from Rs. 1-15-0 per cent. to Rs. 1-13-0 per cent. The closing week of February witnessed firmness in money rates, call loans being quoted on some days as high as 5½ per cent. and it was then reported that some of the banks had to borrow again short-term loans from the Imperial Bank of India. This stringency was due to demand for money for financing gold shipments as well as merchandise exports. The trade demand, as per the statement of the Imperial Bank, as on 23rd February, had increased by Rs. 117.02 lacs. Naturally the Treasury Bill renewals were small as was shown by the fact that the sale of the Intermediates was negligible, amounting only to Rs. 9.25 lacs. In view of this Government had to increase the return on Treasury Bills from Rs. 1-14-5 per cent. to Rs. 2-1-4 per cent. The payment of Rs. 468 lacs of maturing Treasury Bills during the latter part of the week accounted for the comparative ease and call loans were available at 2½ per cent.

Large Treasury maturities.

Firmness in money.

During the first week of March, money was fairly steady but not as tight as during the week before, day to day loans being available at about 3 per cent. on most days. The continued demand for money for the financing of cotton arrivals to ports together with the settlement of accounts in connection with bullion, largely gold, explained for the steadiness. As the Treasury Bill maturities were almost offset by renewals, Government raised the yield from Rs. 2-1-4 per cent. to Rs. 2-2-0 per cent. Government again borrowed Rs. 3½ crores from the Imperial Bank, thus raising the total of such borrowings to Rs. 10 crores, which, incidentally, was then the highest figure recorded since April 8, 1932. Despite large borrowings by Government from the Bank, their cash balance amounted to only Rs. 8.39 crores. The need for the expansion of currency was, at this time, felt to be pressing day by day.

Money rates relax.

Yield on Treasury Bills raised.

During the middle of March there was a fresh flow of funds accruing from Treasury Bill maturities as well as from the sale of sterling to Government. The trade demand also showed a heavy decline of Rs. 114.90 lacs. These factors contributed to easiness in the money market during this period and call loans were available at about 2 to 2½ per cent. Suddenly the closing week of March, however, saw a remarkable spurt in money rates, call funds commanding as high a

Market receives large funds through Treasury Bill maturities.

rate as 5 per cent. And for the two succeeding weeks, *i.e.*, upto middle of April, rates ranged between 3 and 3½ per cent. The immediate influence which tended to produce tightness was the gradual and steady increase in the average yield rate on Treasury Bills. During each successive week of April, Government raised the rate from Rs. 2-4-0 per cent. to Rs. 2-5-7 per cent. and ultimately to Rs. 2-8-0. Two other factors were, firstly the improvement in trade demand showing an increase of about Rs. 302.75 lacs at the beginning and about Rs. 90 lacs in the second week of April and secondly the reinvestment of large available funds into Treasury Bills. Purchase of these bills was so brisk at the beginning of the month that Government could repay Rs. 6 crores to the Imperial Bank, *i.e.*, practically the whole amount of their borrowings from the Bank at that time.

Money remains steady.

Trade demand improves.

During the last week of April, money rates were relatively easier and call funds were available at about 2 to 3 per cent, and on April 26, the rate eased off to as low as 1½ per cent. On 24th April, Government notified the discontinuance of the sale of Intermediates, probably owing to the fact that maturities during the following month were comparatively small. Moreover, Government had repaid most of their borrowings for Ways and Means from the Imperial Bank. The trade demand was slack, showing a decrease of about Rs. 63.97 lacs.

Money rates ease slightly.

Sale of Intermediate Treasury Bills discontinued.

In the opening week of May money continued easy throughout with a good supply of floating funds available at about 1½ per cent. Slackness in demand was partly seasonal; there were, however, other factors operative as well which were partly responsible for the situation in the money market during this period. Among these, the most noteworthy were (1) Expansion of currency on 3rd May to the extent of Rs. 3 crores against sterling assets held in the Paper Currency Department and (2) the reduction in the yield rate on Treasury Bills from Rs. 2-5-10 per cent. to Rs. 2-1-7 per cent. Treasury maturities were offset by renewals each amounting to Rs. 150 lacs and Government borrowings from the Imperial Bank for Ways and Means amounted to Rs. 50 lacs only. The effects of the factors mentioned were accentuated by the gradual but persistent reduction in the yield rate on Treasury Bills from Rs. 2-1-7 per cent. to Rs. 0-15-10 per cent., the lowest rate since the first week of October 1933, coupled with the curtailment on May 15, in the amount of Treasury Bills to be tendered from Rs. 1½ crores to Rs. 1 crore. The demand from trade was small due to the fact that the financing of the major portion of the cotton crop was by then completed. It may be noted in this connection that the fixed deposit rates had declined to 1 per cent. for three months.

Money continues cheap.

Seasonal slackness in demand.

Yield on Treasuries reduced.

Money was again in good demand in the first week of June and the call rate touched the high limit of 4 per cent. on the 5th, but declined subsequently to 1¾ to 2 per cent. This sudden falling off was probably due to the discontinuance of the sale of Treasury Bills and the fact that cash applications to the

Temporary revival in demand for funds.

Sale of Treasury Bills discontinued.

Tightness develops again.

Money market comfortable.

New Loan were small. During the middle of June, tightness again developed in the money market and day to day loans were quoted at as high as 4 per cent. Probably the anxiety on the part of banks to repay the 7 days' loans which they had borrowed from the Imperial Bank in the preceding week accounted for this situation. However, funds released through heavy treasury maturities as well as the stoppage of the sale of Treasury Bills tended to keep money comfortable. In the latter half of the month, the call rate did not move above 2½ per cent. and mostly ranged between 1½ to 1 per cent.

Money rates ease.

During the first half of July money rates were easier and call funds were available at about 1 to 2 per cent. Government borrowed first Rs. 5 crores during this period bringing the total borrowings for Ways and Means to Rs. 14½ crores, evidently for the purpose of meeting heavy Treasury Bill maturities as there were no renewals owing to temporary suspension upto July 17. In the third week Government repaid Rs. 1 crore to the Imperial Bank and the total of such borrowings for ways and means then amounted to Rs. 13½ crores. The resumption of Treasury Bill sales by tender as from July 20 and the allotment at the yield rate of Rs. 0-12-4 per cent. as against their previous acceptance at Rs. 0-15-10 per cent. on June 1, however, had little effect on money rates. During the last week Treasury Bill maturities amounted to Rs. 266.75 lacs and renewals to Rs. 173 lacs. Government repaid Rs. 2 crores, thus reducing the outstanding borrowings from the Imperial Bank at the end of July to Rs. 11½ crores. At the close of the month the call rate was quoted as low as ¾ per cent.

Sale of Treasury Bills resumed.

Temporary spurt in money and yield on Treasury Bills increased.

During the first half of August money rates became steadier and call loans were placed as high as 3 per cent. The governing factor in this connection was a gradual and persistent increase in the yield rate on Treasury Bills from Rs. 0-12-4 per cent. to Rs. 1-6-4 per cent. In the subsequent weeks money remained steady and call funds were in good demand, being placed at about 2 to 2½ per cent. It may be noted that this condition was largely due to heavy purchases of intermediate bills rather than to any genuine requirements of trade. Government again raised the yield rate on Treasury Bill tenders to as high as Rs. 1-6-11 on August 31. During the month treasury maturities were only Rs. 5 crores, while renewals, both by tender and on tap, aggregated Rs. 15½ crores, and Government reduced their outstanding borrowings during this month to Rs. 5½ crores, though they had recourse to a further borrowing of Rs. 1 crore in the opening week of August.

Money rates fairly steady.

Early in September money was fairly steady and call funds were available at about 1½ per cent. Government discontinued the sale of intermediate Treasury Bills as from September 4. At the same time they announced the issue of a new 3 per cent. taxable loan for an unlimited amount redeemable at par on

September 15, 1941, at an issue price of Rs. 99. This announcement was well received as the market waited for an opportunity to invest its surplus funds accruing from the repayment of 4½ per cent. 1934 bonds on September 15.

New loan issued.

During the second week money rates shot up to as high as 5 per cent. probably due to large cash applications for the new loan. This spurt, however, proved temporary and rates eased off on September 14 to about 3½ per cent. Again Government borrowed Rs. 1 crore for Ways and Means from the Bank, thereby increasing their outstandings to Rs. 6½ crores. During the second half of the month money was easy and call funds were available at about 1 to 1½ per cent. This easiness was caused by the release of funds amounting to about 6½ crores from the unconverted 4½ per cent. 1934 bonds. After September 1 there were no maturities of Treasury Bills during the month while renewals amounted to about Rs. 10.35 crores both by tender and on tap, which were renewed from September 17. Government accordingly reduced the allotment rate from Rs. 1-6-11 to Rs. 1-5-10 per cent. In the middle of the month Government were able to completely liquidate their borrowings for Ways and Means and in the third week they again borrowed Rs. 2 crores which were repaid in the following week.

Money rates tighten temporarily again.

Large funds released through 4½ p.c. 1934 Bonds.

Government completely liquidate ways and means advances.

During the last quarter although money was fairly easy, there were signs in evidence that the supply of funds was none too large and any movement in trade demand was likely to cause tightness. Absence of any appreciable quantity of gold shipments from Bombay since the latter half of August had caused large accumulation of stocks in the local market and this kept practically all the available supply of funds with the banks occupied. Treasury Bill maturities were heavy aggregating Rs. 29.67 crores, of which Rs. 25.38 crores were used for renewals. The rate for call loans ranged between 1 to 1½ per cent. barring temporary spasmodic rises when it touched 3 to 3½ per cent. right up to the end of November. December, however, saw a distinct improvement in the trade demand as was evident from the statements of the Imperial Bank which showed an increase of Rs. 840 lacs. Furthermore there was the natural inclination on the part of banks to gather cash for the usual year-end requirements and also for window dressing purposes. Money became somewhat scarce, particularly during the second half of December and call loans were occasionally placed as high as 4 per cent. In fact some of the banks were reported to have had recourse to the Imperial Bank of India for short-term loans and also funds were procured by sales of sterling to Government, despite little fresh cover being available against export of gold during this period. As this stringency was only viewed as temporary, it was generally believed that money would become easier after the year end. Government were able to sell Rs. 1½ crores of three months' bills every week during this quarter in addition to about Rs. 9 crores of intermediates, and the average rate of acceptance of tenders was practically unchanged at about Rs. 1-7-0 per cent.

Money easy but supply limited.

Gold stocks accumulate in absence of shipments.

Distinct improvement in money.

Money scarce.

Tight conditions prevail at the close.

IMPERIAL BANK STATEMENTS.

Cash declines during the opening weeks.

The New Year opened with a cash balance of Rs. 17.24 crores as compared with Rs. 20.95 crores at the beginning of 1933 and the corresponding percentage of cash to liabilities stood at 20.92 as against 27.18. Throughout January there was a steady decline in the cash balance of the Bank owing probably to heavy borrowings by Government which aggregated to Rs. 4½ crores to reimburse the Treasury Bill maturities during this month. The statement of the Bank as on January 26, however, showed a large increase of Rs. 192.83 lacs in the cash balance which then amounted to Rs. 17.01 crores. The repayments made by Government against their Ways and Means borrowing were being reinvested in Treasury Bills.

Cash balance increases.

Cash balance shrinks again.

The first half of February witnessed a considerable shrinkage in the cash balance of the Bank, which stood at Rs. 10.55 crores on the 16th, and correspondingly the percentage of cash to liability dropped to 12.95. To reimburse heavy Treasury Bill maturities, Government had borrowed Rs. 3½ crores and the total of such borrowings stood at Rs. 8 crores. The fact that certain banks had to borrow short-term advances from the Imperial Bank for financing merchandise exports and bullion settlement also partially explains the contraction in the cash balance. In the third week of February, however, there was an increase of Rs. 133.96 lacs, but subsequently the cash balance again declined by Rs. 119.80 lacs to Rs. 10.69 crores and the percentage of cash to liabilities fell to 12.70. The borrowings of Government at the end of the month amounted to Rs. 10 crores against Ways and Means.

Government borrows for Ways and Means from the Bank.

Cash balance declines further.

In the first week of March there was a further decline of Rs. 192 lacs in the cash balance, mainly due to withdrawals of Other deposits; subsequently, however, throughout the month there was a gradual increase of cash from Rs. 8.76 crores to Rs. 12.06 crores and the percentage of cash to liabilities improved from 10.78 to 14.45 as revenue receipts were flowing in. Government were able to repay the whole amount of Rs. 10 crores of their borrowings from the Imperial Bank for Ways and Means. It may be noted in this connection that during the period under review there was an increase of about Rs. 3 crores in the item of Government securities and about Rs. 2 crores in the item of loan advances and cash credits by the Bank.

Government repay Ways and Means advances.

Cash balance improves.

During the first two weeks of April there were no changes of consequence in the cash balance of the Bank. In the latter half of the month the cash balance improved from Rs. 11.93 crores to Rs. 14.41 crores, the percentage of cash to liabilities rising by about 3% to 17.25. Government had borrowed during this period Rs. 4½ crores for Ways and Means from the Bank, but the excess of renewals over maturities of Treasury Bills presumably caused by a gradual increase in the yield rate enabled them to repay Rs. 4 crores by the end of the month.

Government borrow for Ways and Means again.

May saw an increase of Rs. 65.94 lacs in the cash balance of the Bank over last week's amount. In the next week, however, the cash balance declined by Rs. 97.10 lacs, but during the subsequent fortnight, the cash rose by Rs. 3.68 crores, the balance then amounting to Rs. 17.79 crores. The percentage of cash to liabilities registered a corresponding rise from 17.08 to 20.72. The item of Ways and Means advances to Government showed a nil balance, the outstanding loan of Rs. 50 lacs having been repaid in the first week of the month.

Cash balance increases.

In the first week of June the cash balance was reduced by Rs. 131.62 lacs but subsequently throughout the month it steadily advanced and stood at Rs. 22.14 crores, the percentage of cash to liabilities showing an increase of about 6% over that at the end of the last month. Treasury Bill maturities were heavy during this period and Government borrowed for Ways and Means from the Bank to the tune of Rs. 9½ crores despite the fact that Currency expansion of Rs. 3 crores took place in the first week of May.

Cash balance advances steadily.

In the opening week of July the cash balance of the Imperial Bank suffered a shrinkage from Rs. 22.14 crores to Rs. 20.87 crores owing to Government borrowings of Rs. 4 crores for Ways and Means. The percentage of cash to liabilities receded correspondingly from 26.19 to 24.40. In the subsequent week although Government again took a loan from the Bank to the extent of Rs. 1 crore, the cash balance of the Bank improved by about Rs. 116.75 lacs to Rs. 22.04 crores and the percentage of cash to liabilities rose from 24.40 to 25.94. During the next two weeks the cash balance of the Bank swelled by Rs. 454 lacs to Rs. 26.59 crores as a result of the repayment of Rs. 3 crores by Government against their Ways and Means borrowing. This rise naturally increased the percentage of cash to liabilities to Rs. 31.92 on July 27.

Cash balance shrinks.

Cash balance swells.

During August owing to heavy sales of treasuries, by tender and on tap, Government repaid nearly Rs. 7 crores against Ways and Means borrowing and this further augmented the cash balance of the Bank to Rs. 28.98 crores at the end of the month. The percentage of cash to liabilities showed a corresponding improvement from 30.76 to 35.29. The trade demand as per the Bank statement showed a nil balance on the whole, the increase and decrease amounting to Rs. 266.63 and Rs. 267.73 lacs respectively.

Government repays 7 crores against Ways and Means.

In the first week of September the cash balance exhibited a loss of Rs. 366 lacs to Rs. 25.32 crores, though the fresh loan to Government for Ways and Means amounted to only Rs. 1 crore in this week. The decline of about Rs. 191 lacs in Government deposits also contributed to the fall in the cash balance. Large cash applications to the New Loan in the second week enabled Government to liquidate

Cash balance decreases.

Large applications for New Loan.

fully their borrowings from the Bank aggregating Rs. 6½ crores and consequently the cash balance of the Bank rose to as high as Rs. 28.39 crores on the 28th September. The percentage of cash to liabilities improved from 31.58 to 33.70 on the same date. The trade demand on balance showed a decline of Rs. 93.64 lacs during the month.

Large shrinkage in Cash balance.

During the first week of October there was a large shrinkage of Rs. 248.88 lacs in the cash balance due probably to beginning of month requirements and besides there were no Treasury Bill maturities during the week, while on the other hand, Treasury Bill sales amounted to nearly Rs. 262 lacs. The subsequent two weeks in October saw practically no change in the cash balance, though in the closing week, there was a large increase of about Rs. 357 lacs to Rs. 27.94 crores. This was occasioned by large sales of Treasury Bills aggregating Rs. 490 lacs, with maturities amounting to Rs. 323 lacs. The percentage of cash to liabilities saw an increase of 2.68 per cent. to 31.93.

Cash balance increases.

A big drop in Cash balance.

There was practically no change in the cash balance in the first week of November, but in the following week, there was a drop of Rs. 340 lacs owing probably to withdrawals prior to Diwali (Hindu New Year), which, however, was fully recovered in the succeeding two weeks and at the end of the month the cash balance stood at Rs. 28.35 crores and the percentage of cash to liabilities at 33.29.

Seasonal demand for funds.

As usual in the opening week of December the cash balance declined by Rs. 422.74 lacs to Rs. 24.13 crores and the percentage of cash to labilities by 4.63 per cent. to 28.66. There were, however, at this juncture distinct signs of movement in trade and cotton was being moved from upcountry to trade centres and the cash balance showed a gradual decline every week and stood at Rs. 19.87 crores at the end of the year. Also the requirements of other banks for year-end purposes and window dressing, necessitating them to have recourse to short-term funds from the Imperial Bank, helped towards the shrinkage in the cash balance of the Bank during the latter half of the month. The percentage of cash to liabilities at the end stood at 24.16, a decline of 4.50 per cent. under the opening week.

Cash balance declines.

GOVERNMENT DEPOSITS.

Government deposits with the Imperial Bank changed from week to week with their borrowings and repayments against Ways and Means in the process of adjusting the Treasury Bills position.

Government borrow for Ways and Means.

Government balances with the Bank stood at Rs. 7.08 crores at the end of 1933 and the borrowings for Ways and Means from the Bank amounted to Rs. 1½ crores. In the first week of January Government further borrowed Rs. 3 crores, and despite the fact that renewals of Treasury Bills were in excess of

maturities, Government deposits showed a decline of Rs. 104.32 lacs. This was perhaps due to heavy purchases of sterling by Government during this period. In the following week, however, Ways and Means loans were liquidated to the extent of Rs. 2½ crores and still the deposits increasd by Rs. 80.75 lacs to Rs. 6.84 crores. At the end of January Government balances increased to Rs. 6.97 crores and the outstanding borrowing for Ways and Means amounted to one crore.

Heavy purchases of Sterling cause drop in Government balances.

Owing to heavy Treasury Bill maturities during the early part of February Government again took a loan of Rs. 6½ crores from the Bank for Ways and Means. Sales of Sterling to Government continued heavy during this period. Persistent reduction in the yield rate on Treasury Bills, coupled with tightness prevalent in the money market, operated as a check on the flow of investment in Treasury Bills through renewals. Government deposits fell to Rs. 6.44, but were again up to Rs. 6.85 crores in the middle of February. During the subsequent weeks Government deposits showed an increase, but at the end of the month it amounted only to Rs. 8.39 crores, despite large borrowings for Ways and Means, the outstanding balance whereof stood at Rs. 10 crores.

Small variations in Government deposits.

The steady re-investment of funds through Treasury Bill renewals, mainly due to a rise in the yield rate on Treasury Bills, enabled Government to repay Rs. 3 crores to the Bank during the first half of March. Government deposits also contracted to Rs. 6.78 crores. Owing to the large excess of Treasury Bills renewals over maturities, and the influx of revenues, Government balance rose to Rs. 8.13 crores at the end of the month. Government repaid the whole of their borrowings for Ways and Means.

Government deposits increase and they pay off Ways and Means advances entirely.

In the first week of April, Government deposits receded by Rs. 23.81 lacs and they took a loan of Rs. 4½ crores from the Bank. By the end of the month, however, Government repaid most of their borrowings and Government balance stood at Rs. 7.92 crores.

Government borrow for Ways and Means again.

The most noteworthy feature in the May perspective was the expansion of currency by Government to the extent of Rs. 3 crores by placing an equivalent amount of sterling in the Paper Currency Reserve. In the first week of this month Government deposits receded to Rs. 7.24 crores and the item of Ways and Means showed a nil balance owing to repayment by Government to the Bank of the last outstanding amount of Rs. 50 lacs. Owing to large Treasury Bill maturities during the two following weeks, their balance declined to Rs. 6.93 crores, though at the end of the month, Government deposits again increased by Rs. 195 lacs to Rs. 8.88 crores.

Currency expanded.

The opening week of June saw a rise of Rs. 40.55 lacs to Rs. 9.28 crores in Government deposits though during the two subsequent weeks, it again dwindled down to Rs. 6.67 crores. Undoubtedly this was due to the payment of heavy Treasury Bill maturities amounting to over Rs. 11½ crores coupled with the fact that

Heavy Treasury maturities cause Government balances to fall.

cash applications to the New Loan were small. Government, however, borrowed first Rs. 3½ crores for Ways and Means during the middle of June and augmented it by fresh borrowings in the next two weeks, the total at the end of the month standing at Rs. 9½ crores and partially as a result thereof Government deposits advanced from Rs. 6.67 crores to Rs. 7.98 crores at the end of June.

Advances for Ways and Means increase.

In the opening week of July though Government's borrowings from the Imperial Bank augmented from Rs. 9½ crores to Rs. 13½ crores for Ways and Means, Government balance with the Bank was down by about Rs. 93 lacs to Rs. 7.05 crores, as against 7.98 crores on 29th June 1934. In the subsequent week Government borrowings were further increased by Rs. 1 crore, while their deposits suffered a fall to Rs. 6.77 crores, as sales of Treasury Bills were in abeyance till the 17th July and Government had to meet maturities amounting to Rs. 216 lacs. The Ways and Means borrowings from the Imperial Bank therefore reached the high figure of Rs. 14½ crores. Towards the end of the month their deposits with the Bank rose to Rs. 6.85 crores. As a consequence Government were able to reduce their commitments against Ways and Means to Rs. 11½ crores.

Cash balance increases.

With only Rs. 5 crores of maturities during the first half and Rs. 2 crores in the second half of August in comparison with heavy sales of Treasury Bills both by tender and on tap amounting to about Rs. 16 crores, Government's cash balance increased to Rs. 7.29 crores on the 24th August and their outstanding balance against Ways and Means borrowing was reduced from Rs. 12.50 crores to Rs. 5½ crores. At the end of the month, Government deposits at the Bank amounted to Rs. 7.14 crores, and Ways and Means advances stood at Rs. 5½ crores.

Big drop in Government deposits.

In the first week of September, Government deposits suffered a large decline from Rs. 7.14 crores to Rs. 5.22 crores probably due to beginning of month requirements and to treasury maturities of Rs. 1 crore. In the subsequent week, however, their balance with the Bank advanced to Rs. 7.45 crores even though Government were able to liquidate the whole of the 6½ crores outstanding against Ways and Means. This was mainly due to large cash applications to the new 3 per cent. 1941 loan subscriptions to which were opened on the 10th September.

Large applications for new loan.

Government repay for unconverted 4½ per cent. 1934 Bonds.

On September 15, Government had to repay Rs. 6½ crores on account of the unconverted 4½ per cent. 1934 bonds, besides their payment of other interest charges. Again Government had during this period suspended the sale of intermediates. Consequently recourse was taken to the Imperial Bank for a loan of Rs. 2 crores for Ways and Means. The cash balance of Government in the third week of September stood at Rs. 6.33 crores. The resumption of the sale of intermediates from the 19th September coupled with the absence of maturities contributed to the improvement in Government deposits with the Imperial Bank which aggregated to Rs. 8.25 crores at the end of the month.

Treasury Bills sale resumed.

Although there were no maturities of Treasury Bills during the first two weeks of October, Government deposits decreased during the first week from Rs. 8.25 crores to Rs. 6.44 crores, but recourse was not had to Ways and Means advances. During the succeeding weeks, however, these deposits showed an increase every week touching Rs. 9.30 crores on the 26th October, largely due to sales of Treasury Bills amounting to Rs. 753 lacs against maturities of Rs. 336 lacs.

Government deposits increase.

During the first half of November, there was a downward trend in Government deposits which fell from Rs. 9.30 crores to Rs. 6.71 crores on the 17th November probably due to beginning of the month requirements, payment of maturing Treasury Bills and purchases of sterling. The continuous fall necessitated Government having recourse to Ways and Means advances. They borrowed Rs. 3 crores during the week ending 9th November and again Rs. 1 crore in the following week, while their deposits at the Bank showed little change at Rs. 6.83 crores and Rs. 7.71 crores during the respective two weeks. Government repaid in the following week Rs. 1 crore and a further Rs. 1 crore in the last week, thus bringing down their outstandings to Rs. 2 crores. And their deposits stood at Rs. 7.49 crores, a rise of nearly a crore owing to excess of Treasury Bills renewals over maturities.

Downward trend in Government deposits.

In the closing month of the year, Government deposits altered but slightly varying with the borrowing and repayment against Ways and Means advances. In the first week, Government borrowed Rs. 3 crores, and their outstandings stood at Rs. 5 crores. Repayment of Rs. 2 crores in the next week saw a shrinkage in the item of Ways and Means to Rs. 3 crores. There was again a borrowing by Government of Rs. 1 crore in the subsequent week which increased the outstandings to Rs. 4 crores. Government deposits during this month declined from Rs. 7.49 crores to Rs. 6.48 crores at the close and the Ways and Means borrowing further rising to Rs. 5 crores.

Slight variations in Government deposits.

CURRENCY RETURNS.

The year opened with a small increase of Rs.27,58 lacs in notes in circulation to Rs. 178.38 crores and there was a corresponding increase in the silver reserve, silver bullion increasing by Rs. 29.70 lacs to Rs. 10.96 crores and silver coins dropping by Rs. 2.12 lacs to Rs. 90.72 crores. Gold bullion and securities were unchanged, the former amounted to Rs. 30.50 crores—the same as at the close of 1933—and the latter to Rs. 46.37 crores. The metallic reserve ratio to notes in circulation stood at 74. In the following week, there was no change of any importance either in notes in circulation or in the assets, but in the third week a large block of gold bullion amounting to Rs. 6.77 crores was transferred from the Gold Standard Reserve held in India to the Paper Currency Department against a corresponding cancellation of rupee securities. Gold bullion now amounted to Rs. 37.32 crores and Securities declined from Rs. 46.35 crores to Rs. 39.54 crores. Naturally the percentage of metallic reserve to circulation increased from 73.95 to 77.75. Despite these changes, the notes in circulations were little altered at Rs. 177.76 crores. In the last week of January, while silver coin and bullion declined, aggregating about Rs. 60 lacs, notes

Notes in circulation increase.

Large transfer of gold to P. C. R.

Little change in circulation.

in circulation showed an increase of Rs. 23 lacs to Rs. 177.99 crores, which was compensated by an increase of Rs. 82 lacs in securities held in India to Rs. 40.36 crores.

Fall in Silver coins.

Throughout February there was no change in note circulation which ranged between Rs. 177.15 and Rs. 177.40 crores. Silver coins, however, declined from Rs. 89.61 crores to Rs. 87.80 crores, being partly compensated by an increase in silver bullion which rose from Rs. 10.69 crores to Rs. 11.49 crores in the third week of February. Gold bullion and rupee securities held in India changed but little, the former increasing from Rs. 37.32 to Rs. 37.56 crores and the latter from Rs. 40.36 crores to Rs. 40.79 crores. But the percentage of cash to liabilities was slightly down from 77.32 to 76.99.

Notes in circulation decline.

During the first fortnight of March notes in circulation declined by nearly Rs. 69 lacs to Rs. 176.60 crores, with an almost corresponding fall in silver coins from Rs. 87.80 crores to Rs. 86.70 crores. Securities in India on the other hand showed an increase from Rs. 40.79 crores to Rs. 41.24 crores. In the third week of March gold amounting to Rs. 3.87 crores was transferred from the Gold Standard Reserve held in India to Paper Currency Department and gold bullion now amounted to Rs. 41.52 crores. Securities in India were cancelled for a like amount, thereby leaving notes in circulation practically unchanged at Rs. 176.76 crores. This was the last of the transfers made from Gold Standard Reserve to Paper Currency Reserve and the gold bullion now exceeded the original figure when the bullion was transferred from Paper Currency Reserve to Gold Standard Reserve in India, in order to meet the payment of reverse councils sold by the Government of India in 1930-31. It may be noted that at one time in 1931-32, gold bullion held in the Paper Currency Department declined to as low as Rs. 4.56 crores in December 1931. During the last week of March there was a big decrease, as shown by the return, in securities held in India, which declined by Rs. 7.91 crores to Rs. 29.45 crores, with an almost compensating increase in the new item of sterling securities in London to Rs. 8.25 crores. This was the first time since November 1930 that this item had been shown in the Paper Currency Reserve. Notes in circulation during this week increased from Rs. 176.74 crores to Rs. 177.21 crores, whereas silver coin and bullion were practically unchanged at Rs. 86.49 crores and Rs. 11.50 crores respectively. The percentage of metallic reserve stood at 78.72.

Further transfer of Gold to P. C. R.

Fall in Rupee Securities with corresponding increase in Sterling securities.

Slight variations in Note circulation.

Throughout April, there were slight changes in the volume of notes in circulation which ranged between Rs. 177.08 crores and Rs. 176.75 crores. Silver coins, however, declined from Rs. 86.28 crores to Rs. 85.50 crores, but this was partly offset by an increase in bullion from Rs. 11.54 crores to Rs. 11.83 crores. Gold bullion was unchanged at Rs. 41.55 crores. Throughout this month rupee as well as sterling securities changed but little, the former closing at Rs. 29.45 and the latter at Rs. 8.51 crores. The metallic reserve ratio to circulation ranged between 78.70 and 78.52 during this month.

In the first week of May sterling securities increased by the large figure of Rs. 3 crores to Rs. 11.51 crores caused by the transfer of £2¼ million sterling from the Home Treasury to the Paper Currency Reserve in England. Against this increase, currency was expanded by a similar amount and notes in circulation improved from Rs. 176.85 to Rs. 179.08 crores. Silver coins held in reserve continued to decrease, being gradually converted into bullion, the former falling from Rs. 85.50 crores to Rs. 84.55 crores and the latter increasing from Rs. 11.83 crores to Rs. 12.01 crores. In the next two weeks there was practically no change either in note circulation or in reserves against the same. Notes in circulation stood at Rs. 178.77 crores. Silver coins further declined from Rs. 84.55 crores to Rs. 83.64 crores, while both rupee and sterling securities increased to Rs. 29.84 crores and Rs. 11.69 crores respectively. In the last week of May notes in circulation showed an increase from Rs. 178.77 crores to Rs. 179.39 crores. There was a corresponding increase in silver reserves, coins and bullion both increasing to Rs. 83.94 crores and Rs. 12.36 crores respectively. Gold bullion was unchanged at Rs. 41.55 crores and the metallic reserve ratio to circulation stood at 76.84.

Currency expanded.

Silver coins converted into Bullion.

Note circulation increases.

During the first week of June, there was again a slight alteration in notes in circulation as well as in reserves, but in the third week notes in circulation increased from Rs. 179.26 to Rs. 180.26 crores. This time also there was a corresponding increase in silver coins and bullion, the former increasing from Rs. 83.50 to Rs. 83.90 crores and the latter from Rs. 12.34 crores to Rs. 12.65 crores. There was no change in gold reserves throughout this period though securities in India advanced slightly from Rs. 29.69 crores to Rs. 30.18 crores. From now onwards, notes in circulation began to increase partly against return of silver coins, as it is usual for funds to be repatriated from upcountry to trade centres. Notes in circulation which stood at Rs. 180.87 crores on June 30, increased gradually every week and amounted to Rs. 185.06 on September 30. Silver coins which stood at Rs. 84.22 at the end of June rose to Rs. 85.26 crores and silver bullion from Rs. 12.95 to Rs. 13.29 crores. Rupee as well as sterling securities advanced from Rs. 30.18 to Rs. 31.96 crores and from Rs. 11.97 crores to Rs. 12.99 crores respectively. Gold bullion, however, was unaltered throughout this period at Rs. 41.55 crores. The metallic reserve ratio to circulation on the other hand declined from 76.79 to 75.70. at the end of September.

Note circulation increases further.

Silver coins increase.

In the first fortnight of October, notes in circulation declined from Rs. 185.06 crores to Rs. 184.58 crores and there was a corresponding fall in silver reserves, coins declining from Rs. 85.26 crores to Rs. 83.86 crores and bullion from Rs. 13.29 crores to Rs. 12.89 crores. Securities in India on the other hand increased from Rs. 31.96 crores to Rs. 33.16 crores, while sterling securities showed only a small rise to Rs. 13.10 crores. In the latter half of October, notes in circulation improved again to Rs. 185.63 crores at the finish. Silver coin and bullion showed further upward trend to Rs. 84.39 crores and Rs. 13.41 crores. Rupee securities, however, were slightly lower at Rs. 32.84 crores, while sterling securities improved to Rs. 13.43 crores.

Notes decline.

Rupee Securities increase.

Throughout November notes in circulation varied slightly between Rs. 184.92 and Rs. 185.56 crores and there was very little change of importance in the assets except in sterling securities which increased from Rs. 13.43 to Rs. 14.07 crores. The metallic reserve ratio declined gradually from 75.07 to 74.52 at the end of November. In the month of December, notes in circulation showed a decline from Rs. 185.56 crores to Rs. 183.91 crores with a corresponding fall in silver coins from Rs. 83.19 to Rs. 80.84 crores at the end of the year. Silver bullion on the other hand gained from Rs. 13.54 crores to Rs. 14.22 crores. Gold bullion showed no change at Rs. 41.55 crores. Rupee securities receded slightly towards the close to Rs. 33.04 crores while sterling securities improved from Rs. 14.07 crores to Rs. 14.24 crores. The metallic reserve ratio to circulation stood at 74.28.

Slight changes in Note circulation.

Sterling Securities increase.

TREASURY BILLS.

Though money was in good demand at the opening of the New Year large funds found their way into Treasury Bill investment. Government, therefore, reduced the amount of tenders for Treasury Bills from Rs. 2½ crores to Rs. 2 crores on January 9 and in the following week to Rs. 1½ crores; the sale of Intermediates was discontinued as from 30th December 1933. Treasury Bill maturities were light during this month and large amounts were offered for Treasury bill tenders at Rs. 2-11-7 per cent.; consequently Government lowered the yield rate. Through gradual reduction week by week the yield rate at the end of January stood at Rs. 2-1-2 per cent. The total sales during the month amounted to Rs. 7½ crores.

Large funds invested in Treasury Bills.

Tenders reduced and intermediates discontinued.

Yield reduced.

In the opening week of February investment in Treasury Bills continued as was evidenced by large amounts tendered even at the reduced rate of Rs. 1-15-0 per cent. per annum. During the middle of the month maturities were large and Government borrowed Rs. 3½ crores from the Imperial Bank for Ways and Means. Intermediate bills were, however, re-introduced from February 14 at 1¾ per cent. and the yield rate on tenders was further reduced from Rs. 1-15-0 to Rs. 1-13-0 per cent. per annum.

Large investment in Treasury Bills continues.

Intermediates re-introduced.

Government, however, again raised the yield rate from Rs. 1-14-5 per cent. to Rs. 2-1-4 per cent. and in the first week of March to Rs. 2-2-0 per cent. The amount of realisation through Treasury Bill renewals including Intermediates was, throughout March, considerably in excess of maturities and Government, were thus enabled to repay at the end of the month the whole of their borrowings from the Bank. Government again increased the average yield rate from Rs. 2-2-0 per cent. to Rs. 2-4-0 per cent.

Yield increased.

April witnessed a gradual but persistent rise in the yield rate from Rs. 2-4-0 per cent. to Rs. 2-8-0 per cent. per annum, and even though there was a good demand for money in the market, considerable funds were attracted into Treasury Bill. Further the final receipts from revenue began to flow in at this time of the

Yield increased further.

year, so Government discontinued the sale of Intermediates as from April 24. The total sales in the previous four months, both by tender and on tap, amounted to about Rs. 42.79 crores.

In the May perspective, conditions in the money market were easy and large amounts were tendered for Rs. 1½ crores. The yield rate was again reduced from Rs. 2-5-10 per cent. to Rs. 2-1-7 per cent. in the first week. The most important factor which influenced the policy of Government with regard to Treasury Bills was the expansion of currency to the extent of Rs. 3 crores against sterling assets. The immediate consequences were a reduction in the amount of Treasury Bills from Rs. 1½ crores to Rs. 1 crore and a persistent steep fall in the average yield rate from Rs. 2-1-7 per cent. to Rs. 0-15-10 per cent. in the first week of June. The total amount of Treasury Bills sold during May amounted to Rs. 5 crores.

Large amounts tendered and Yield reduced.

Tender amount reduced.

In the first week of June, Government discontinued the sale of Treasury Bills altogether and all tenders received on the 5th were rejected. During the remainder of the month under review Treasury Bill maturities were very heavy amounting in total to about Rs. 14½ crores and the cash applications to the New Loan were small. Government, therefore, took loan advances of about Rs. 9½ crores for Ways and Means from the Bank.

Sale discontinued.

During the first half of July Treasury Bill maturities amounted to Rs. 538.75 lacs with no renewals. Government had therefore to borrow during this period Rs. 5 crores from the Imperial Bank for Ways and Means and their total borrowing then amounted to Rs. 14½ crores. However on 17th July three months' Treasury Bill tenders for Rs. 1½ crores were resumed after discontinuance from 5th June. During the latter part of the month maturities aggregated Rs. 416.75 lacs and renewals Rs. 3 crores by tender and Rs. 33.75 lacs by intermediates, the average rate of acceptance of tenders being Rs. 0-12-4 per cent. and Rs. 0-15-7 per cent. in the latter two weeks.

Large Treasury Bill maturities.

Tenders and intermediates resumed.

It may be mentioned that the total outstanding balance in Treasuries which had reached the high figure of Rs. 35.29 crores on April 27, 1934, was reduced gradually to Rs. 10.16 crores on July 27, 1934.

Government continued the sale of treasuries both by tender and by intermediates during the whole of August at a gradually increasing yield rate from Rs. 1-4-9 per cent. to Rs. 1-6-11 per cent. and such sales amounted to Rs. 15.95 crores. The total of maturities during the month amounted to Rs. 5 crores only. There were heavy applications for intermediate Bills, which tended to cause tightness in the money market. Government were able to liquidate their outstandings against Ways and Means during this month to Rs. 5½ crores, which at the beginning of the month stood at Rs. 12½ crores.

Yield increased.

On September 4, 1934, Government discontinued the sale of Intermediate Treasury Bills simultaneously with the announcement of the new 3 per cent. 1941 Loan. However after a fortnight the Intermediate Treasury Bills were again put on the market from September 19. In the whole of the month maturities

Intermediates discontinued.

amounted to only Rs. 1 crore while investments in Treasury Bills amounted to Rs. 6 crores by tender and Rs. 4.35 crores on tap. The yield rate was then reduced from Rs. 1-6-11 per cent. to Rs. 1-5-10 per cent. at the end of the month, probably owing to the large demand for the investment of the fresh funds received by the market on the repayment by Government of the unconverted 4½ per cent. 1934 Bonds.

Money in more demand.

At the beginning of the last quarter money was getting more in demand and Government had to pay a slightly higher return on Treasury Bills. While the average rate of acceptance of tenders in the first week of October was Rs. 1-5-11 per cent. it gradually improved to Rs. 1-7-10 per cent. by the end of the month. Government were able to sell Rs. 150 lacs by tender every week and in addition Rs. 303.25 lacs were sold on tap. While there were no maturities during the first three weeks of October, Government had to pay out Rs. 336.75 lacs between 18th and 30th October. During the next two months of November and December, Government were able to sell week after week Rs. 150 lacs by tender and about Rs. 5.85 crores by way of Intermediates. The average rate of acceptance in this period showed little change at Rs. 1-7-10 during the first two weeks of November and thereafter until the close of the year the average rate was practically unchanged at Rs. 1-7-0. On the last tender day (18-12-1934) Government had to pay a little more, the rate being Rs. 1-7-9 per cent. owing to the tightness of money usual at this period of the year. The outstanding Treasury Bills both by tender and on tap at the end of the year were Rs. 25.35 crores all of three months' duration.

Large sales of Treasury Bills.

GOVERNMENT SECURITIES.

Securities open firm.

The opening of the year witnessed firmness in security values with a steady investment demand for all scrips in spite of the fact that money rates were stringent and there was a heavy flow of funds into three months' Treasury Bills. The most influential factors infusing strength in the gilt-edged market were a substantial rise in the price of India sterling stocks in London and covering by bears in the local market. 3½ per cent. Paper improved from Rs. 82-2 to Rs. 83-3 and 3½ per cent. 1947-50 Loan from Rs. 94-6 to Rs. 95. 4 per cent. 1960-70 Loan gained about 8 annas to Rs. 98-15, and 5 per cent. 1945-55 Tax-free Loan from Rs. 113-6 to Rs. 113-14.

India Sterling Stocks advance.

Small Price fluctuations.

The market continued steady with small price fluctuations in gilt edged, steadier advices from London and the reduction in the amount of Treasury Bill tenders from Rs. 2½ crores to Rs. 2 crores being conducive factors. In the second week of January almost all scrips improved. Throughout the rest of the month the tone of the market remained steady to firm. It is noteworthy that there was a persistent enquiry for long-term terminable loans for investment purposes. 3½ per cent. Paper after receding from Rs. 83-9 to Rs. 82-15 on the 15th advanced to Rs. 83-12 on the 25th and reacting again to Rs. 83-6 closed at Rs. 83-13. The large turnover in this scrip was, however, speculative. The

Market firm.

short-term bonds were in better demand and showed small gains in prices. 3½ per cent. 1947-50 Loan advanced from Rs. 95 to Rs. 95-11. 4 per cent. 1960-70 Loan rose from Rs. 98-15 to Rs. 99-9. 4½ per cent. 1955-60 Loan improved from Rs. 105-4 to Rs. 106-6. 5 per cent. Loan due 1939-44 steadied from Rs. 105-4 to Rs. 106-9 and 1945-55 Tax-free Loan from Rs. 113-14 to Rs. 114-2. In 5½ per cent. 1938-40 Loan there was a gain of nearly one per cent. over the opening rate of Rs. 106-13.

Large speculative turnover.

Firmness continued in the gilt-edged market during the opening weeks of February. Investment demand persisted and the volume of turnover in speculative scrips was fair-sized. 3½ per cent. Paper jumped up in the opening week from Rs. 83-11 to as high as Rs. 85-15 on the 5th, but reacted to Rs. 85 on the 10th. 4 per cent. 1960-70 Loan recorded a small rise from Rs. 99-8 to Rs. 100-2 but receded to Rs. 99-15. Fluctuations in other securities were negligible. Investment demand for short-term issues was maintained though the turnover was limited.

Gilt-edged continue firm.

As usual during the closing weeks of February, rumours regarding the Annual Budget proposals gained currency and affected the level of security prices in the market. One of such presumptions in 1934 which contributed to the firmness in gilt-edged was that Government would resort to expansion of currency rather than raise money rates or tighten credit. Following the presentation of Budget proposals and the speech of the Hon. Sir George Schuster, the Finance Member in the Legislative Assembly, the tone of the market became very steady. Especially the pronouncement that no fresh borrowing either in Great Britain or in India was contemplated had a bullish effect and prices of all scrips advanced. 3½ per cent. Paper moved up to as high as Rs. 86-14 and the volume of business was large though mainly on speculative account. However, investment demand also continued fairly steady in other scrips. 3½ per cent. Paper eased slightly at the close on profit taking to Rs. 86-6 and 3½ per cent. 1947-50 Loan to Rs. 96-2. 4 per cent. 1960-70 Loan improved to Rs. 100-9 and 1943 Loan to Rs. 102-7. 4½ per cent. 1955-60 Loan rose to Rs. 106-11 and 5 per cent. 1945-55 Loan to Rs. 114-11.

Pre-budget rumours affect prices.

Market assumes steady tone.

Investment demand increases and prices advance.

Despite tightness in money rates gilt-edged were buoyant during the first week of March mainly due to advices from London to the effect that India sterling stocks recorded a substantial advance of 2 to 3 points in sympathy with an improvement in British security values. There was a large turnover particularly in speculative scrips. 3½ per cent. Paper advanced from Rs. 86-11 to Rs. 88 (6th), but reacted to Rs. 87-4 on the 14th. This spasmodic reaction was largely due to anxiety on the part of holders to take profit. Investment demand for all other issues was persistent as well, and prices registered an increase in almost all scrips 4 per cent. 1960-70 Loan after advancing from Rs. 100-9 to Rs. 103, reacted and closed at Rs. 102-10. 4½ per cent. 1955-60 Loan improved from Rs. 106-11 to Rs. 107-12 and 5 per cent. 1945-55 Tax-free Loan gained from Rs. 114-11 to Rs. 115.

Buoyant tone prevails.

Large turnover in 3½ per cent.

General advance in quotations.

This steadiness in security values was well maintained till the last week of March, when the market became firm and the price of 3½ per cent. Paper recorded a rise of over a rupee to Rs. 88-6 on the last day. The immediate influences in this connection were the covering by Calcutta operators and speculative buying. 3½ per cent. Loan due 1947-50 improved to Rs. 97-10 and 4 per cent. 1960-70 Loan further rose to Rs. 103-1. Other short-term securities showed no movement of consequence. However, the gilt-edged market became quiet again and price fluctuations were narrow at the end of the month.

3½ per cent. Paper advances.

April witnessed further buoyancy in gilt-edged with a sharp rise of about a rupee in the price of 3½ per cent. Paper. After opening at Rs. 88-6 the rate advanced to as high as Rs. 89-10, but subsequently eased off and closed at Rs. 89-6. A notable factor strongly influencing the market was the three-fold announcement by Government (1) a reduction in the yield to about 3.30 per cent. on Post Office. Cash Certificates, (2) paying off the maturing certificates on due dates, and (3) the issue of a British 3 per cent. Conversion Loan for £150 million at 98 per cent.

Sharp rise in prices.

All short-term loans were in good demand. 3½ per cent. Loan due 1947-50 improved to Rs. 97-12. 4 per cent. Loan due 1960-70 moved between Rs. 103 and Rs. 103-5. 4½ per cent. Loan due 1955-60 further gained to Rs. 108-8. Other scrips remained steady with a slight easing off. Following weaker advices from London and also owing to an increase in yield on Treasury Bills, gilt-edged became easier; but soon reacted and closed very steady. The volume of business transacted was fair. The usual pre-budget hesitancy at this time of the year on the London Stock Exchange and its repercussions on the local market were responsible for the erratic fluctuations in security values. 3½ per cent. Paper eased off from Rs. 89-3 to Rs. 87-11 on the 20th, but again improved to Rs. 88-14 on the 26th. 3½ per cent, 1947-50 Loan receded from Rs. 97-13 to Rs. 97-8 but again improved to Rs. 97-12. 4 per cent. 1960-70 Loan similarly declined from Rs. 102-11 to Rs. 101-12, but rose to Rs. 102-4. 5 per cent. 1945-55 Loan kept steady throughout closing at Rs. 115-1. Towards the end, the market closed a little quieter, 3½ per cent. Paper finishing at Rs. 88-1 while 3½ per cent. 1947-50 Loan improving to Rs. 97-10. 4 per cent. 1960-70 Loan eased off from Rs. 102-4 to Rs. 102-1 and 4½ per cent. 1955-60 Loan kept steady at Rs. 108-8.

Good demand for short-term Loans.

Easier tendency sets in.

In the May perspective gilt-edged were weak on the opening day but regained steadiness towards the end of the first week. This improvement was due to abundance of money and considerable reduction in the yield on Treasury Bills. The volume of turnover was large both on investment as well as speculative account. Trading in other scrips was limited and price changes were small. 3½ per cent. Paper opening at Rs. 87-12 improved to Rs. 89-2 on the 5th May. Likewise 3½ per cent. 1947-50 Loan advanced from Rs. 97-10 to Rs. 98-5. 4 per cent. 1960-70 Loan improved from Rs. 101-15 to Rs. 102-13. Throughout the month, gilt-edged continued firm with good investment demand for all scrips

Temporary weakness develops.

Rates improve and large turnover.

Particularly for short-term bonds there was keen and persistent enquiry. Easy money rates and reduction in the amount of Treasury Bill tenders to Rs. 1 crore as on 15th May contributed to the steady tone in the market. In the middle of the month 3½ per cent. Paper firmed up to Rs. 89-7 after touching Rs. 88-11 on the 10th. During the latter half, however, on weaker advices from London and selling both by the local and Calcutta operators, the quotations eased off. 3½ per cent. paper after fluctuating between Rs. 89-5 and Rs. 89 closed at Rs. 88-13 on the last day of May. 3½ per cent. 1947-50 Loan moved between Rs. 98-8 and Rs. 98-6. 4 per cent. 1960-70 Loan after advancing from Rs. 103 to Rs. 103-9 on the 28th closed at Rs. 103-5. 5 per cent. 1939-44 however continued to be steady, the price improving from Rs. 106-15 to Rs. 107-12. Similarly 5 per cent. 1945-55 Loan rose from Rs. 115-3 to Rs. 116-3 but ended at Rs. 116-1.

3½ per cent. firms.

In the first week of June gilt-edged were steady with continued good demand, particularly for short-term bonds. 3½ per cent. Paper was easier and the rate declined from Rs. 88-14 to Rs. 88 on the 7th. 3½ per cent. Loan 1947-50 were almost steady at Rs. 98-6, and 4 per cent. 1960-70 Loan at about Rs. 103-5. 5 per cent. 1939-44 Loan continued to rise from Rs. 107-12 to Rs. 108. 4½ per cent. Loan due 1955-60 gained from Rs. 109-14 to Rs. 110-7. The Government of India announced on May 31, 1934, the issue of another 3½ per cent. Taxable Loan repayble at par in 1947-50 at Rs. 98-8 per cent. Subscriptions in the form of cash, Treasury Bills, 4½ per cent. 1934 Bonds or 4 per cent. 1934-37 Loan were to be received from June 5, 1934, and the list was to be closed without notice as soon as the required total of Rs. 32 crores was reached and in any case not later than June 20, 1934. The loan is to be repaid at par on November 15, 1950. If not redeemed on the earlier maturing date, *i.e.*, November, 15, 1947, Government may redeem the same during the intervening period by giving three calendar months' notice.

Prices maintained.

New Loan issued.

Interest from the date of application to November 14, 1934, inclusive was payable at the time of the issue of new securities at the rate of 3½ per cent. In addition to this advance interest, interest at the rate of 4½ per cent. on the 4½ per cent. 1934 Bonds or at 4 per cent. on the 4 per cent. 1934-37 Loan up to the end of July 1934 on the bonds or loans accepted for conversion was payable in cash at the time of the issue of new securities.

Terms of New Loan.

Treasury Bills maturing upto 30th June at their face value and bills maturing after 30th June at their face value less discount at the rate of one per cent. per annum on the unexpired portion of the bills were accepted as cash subscriptions.

Result of Loan.

	Rs.
By Cash	5,24,28,100
„ Treasury Bills	97,45,100
„ Conversion of 4½ per cent. 1934 Bonds	4,71,50,200
„ Conversion of 4 per cent. 1934-37 Loan	14,19,37,000
Total Rs. ..	25,12,62,400

In the opening week of July gilt-edged were firm with good demand for all terminable loans. 3½ per cent. Paper moved within a narrow range, but on balance remained firm touching Rs. 89-2 at the close (7th). 4 per cent. 1960-70 Loan gained about 12 annas to Rs. 104-12 and 5 per cent. 1945-55 Loan from Rs. 116-7 to Rs. 116-13. 4½ per cent. 1955-60 Loan improved from Rs. 111-4 to Rs. 111-12. During the remainder of the month gilt-edged prices continued firm with fair-sized demand for all scrips, particularly the short-term loans. 3½ per cent. Paper rose to as high as Rs. 89-10-6 (24th), but with intermittent fluctuations eased off to Rs. 89-5 in the last week. 3½ per cent. 1947-50 Loan moved between Rs. 99-5 and Rs. 98-11. 4 per cent. 1960-70 Loan showed persistent improvement from Rs. 104-12 to Rs. 105-10 but closed at Rs. 105-8. 4 per cent. 1943 Loan also moved towards higher level from Rs. 105-2 to Rs. 106-4.

Firm tone continues.

Good demand for short term.

August saw gilt-edged displaying a steady tone, but disturbing news from Europe regarding the political conditions in Austria and Germany exerted considerable influence and gilt-edged prices eased off on profit taking and speculative sales in 3½ per cent. Paper, which declined to as low as Rs. 88-13 (1st). 3½ per cent. 1947-50 loan eased from Rs. 99-5 to Rs. 99-2 (2nd). 4 per cent. 1960-70 Loan lost about 5 annas to Rs. 105-4 and 4½ per cent. 1955-60 Loan receded from Rs. 112-12 to Rs. 112-8 and 5 per cent. 1945-55 Loan from Rs. 117 to Rs. 116-14. In the second week, however, the market again became steady and there was a fair amount of investment buying in both short and mid-term bonds. 3½ per cent. Paper was very steady touching Rs. 89-9 (10th) following a sharp rise in the price of 3½ per cent. India stocks in London. In other loans movements were slight. During the remaining period the market remained steady to firm and prices of almost all scrips advanced. 3½ per cent. Paper advanced nearly a rupee to Rs. 90-13 in the last week. 3½ per cent. 1947-50 Loan rose to Rs. 100-5. 4 per cent. 1960-70 Loan from Rs. 105-4 to Rs. 106-14, and 4½ per cent. 1955-60 Loan from Rs. 112-8 to Rs. 112-11. 5 per cent. 1945-55 Loan improved from Rs. 116-14 to Rs. 117-12.

International disturbances cause easiness in gilt edged.

Market steady again.

September witnessed steadiness in gilt-edged with good investment demand for all scrips. 3½ per cent. Paper fluctuated erratically. After experiencing improvement in the beginning from Rs. 91-0 to Rs. 91-5 it declined to Rs. 90-10 (11th) but again improved to Rs. 90-15 (15th). The decline was probably due to a fair amount of selling of this stock by some banks. The announcement on the 5th by the Government of India regarding the issue of 3 per cent. Taxable Loan for unlimited amount generated a subdued feeling in the market. There was a fair demand for the short-term bonds, but the volume of business in almost all scrips was limited, as the market was awaiting the publication of the terms of a new loan.

3½ per cent. moves erratically.

Second Rupee Loan issued.

The Government of India announced on the 5th September the issue of a new 3 per cent. Taxable Loan for unlimited amount, redeemable at par on September 15, 1941, the issue price being Rs. 99 per cent. Interest on bonds is payable half-yearly on March 15 and September 15. Interest from the date of

Terms of Loan.

application to September 14 inclusive was paid in respect of cash subscriptions at the time of issue of new securities at 3 per cent. per annum. Subscriptions were received either in the form of cash or by conversion of 4½ per cent. 1934 Bonds, which were accepted as cash at Rs. 100 per Rs. 100 (nominal) of the securities tendered. Interest upto September 14 on the bonds tendered for conversion was paid at the rate of 4½ per cent. The Bonds were issued in the form of Stock certificates or promissory notes and applications were received on the 10th and 11th September only at the local head offices and Indian branches of the Imperial Bank of India.

Result of Loan.

The total amount subscribed was Rs. 10,67,31,700, of which Rs. 8,61,17,400 was by tender of cash and Rs. 2,06,14,300 by tender of 4½ per cent. 1934 Bonds. The nominal value of the 4½ per cent. 1934 Bonds tendered in subscription amounted to Rs. 2,04,11,200.

September witnessed continued steadiness in the gilt-edged market, showing a good demand for almost all scrips.

Sharp rise in India Sterling stocks.

In the latter half of September the market continued steady chiefly owing to firmer advices from London and a sharp rise in the price of India sterling stocks, 3 per cent. and 3½ per cent. rising from £80¾ and £93⅜ to £82⅝ and £95¾ respectively within a week. 3½ per cent. rupee paper improved from Rs. 90-13 to Rs. 91-11. The volume of business transacted was large. Other loans remained almost unchanged. In the last week gilt-edged prices continued firm again due to a further rise in the price of India sterling stocks in London coupled with the easiness in money rates in the local market. There was a fair amount of bear covering that week. 3½ per cent. Paper advanced to Rs. 92 and 3½ per cent. 1947-50 from Rs. 101 to Rs. 101-8. 4 per cent. 1960-70 Loan moved between Rs. 107-10 and Rs. 107-13, closing at Rs. 107-11. 4½ per cent. 1955-60 Loan continued steady closing at Rs. 112-14 and 5 per cent. 1939-44 Loan at Rs. 108-5. 5 per cent. 1945-55 Loan fluctuated very little between Rs. 117-9 and Rs. 117-11.

Prices advance.

Gilt-edged become dull.

During October gilt-edged were comparatively dull owing largely to attention being centered on the stock market, which was highly animated. Business was restricted and prices sagged a little in the absence of demand, coupled with the tendency on the part of holders to take profit. The quotation for 3½ per cent. Paper declined from Rs. 92 (30th September) to Rs. 91-3 on the 19th October, but reacted to Rs. 92-1 the highest rate for the month, towards the end and closed at Rs. 91-14 on the last day. 3 per cent. 1941 Bonds similarly dropped from Rs. 99-7 to Rs. 99-2 and 4 per cent. 1960-70 Loan from Rs. 107-11 to Rs. 107-5, but closed at Rs. 99-3 and Rs. 107-8 respectively. 5 per cent. 1945-55 Loan lost about 5 annas during the month to Rs. 117-5 at the end. Other issues also registered small declines.

India Sterling Stocks harden.

Early in November following advices from London, where India sterling stocks and British Government loans showed a distinct tendency to harden, quotations in the local market also moved up in sympathy. 3½ per cent. India Sterling Loan advanced to £97¾ by the first week of November and 3½ per cent.

Rupee Paper was quoted at Rs. 92-7 (6th). Money conditions in the local market also helped the rise. In the subsequent week, though there was no change of any importance in India sterling stocks, there was considerable activity in the local market and 3½ per cent. Paper witnessed a sharp rise to Rs. 95-2 (19th) and remained till the close of the third week at about that level. Even the publication of the Joint Parliamentary Committee's report on the White Paper proposals for the future Government of India at this juncture had little or no effect on this market. All other issues improved sympathetically. 3 per cent. 1941 Bonds were quoted at a premium of Rs. 1-8-0 and 3½ per cent. 1947-50 Loan improved from Rs. 101-3 to Rs. 102-9. 4 per cent. 1960-70 Loan advanced from Rs. 107-7 to Rs. 109-1 and 5 per cent. 1945-55 Loan Rs. 117-5 to Rs. 118-0. In the last week of November, there were no changes of importance in the market, speculators being absorbed largely in the share market which was buoyant with an upward trend in prices. 3½ per cent. Paper closed at Rs. 95-11, 3 per cent. 1941 Bonds at Rs. 100-9, 4 per cent. 1960-70 Loan at Rs. 109-13 and 5 per cent. 1945-55 Loan at Rs. 118-1.

Sharp advance in Rupee securities.

Slight variations in November.

The lull in the market proved temporary and in the first week of December there was a further rise of about Rs. 2 in the price of 3½ per cent. Paper, which advanced to Rs. 98 (8th December) with similar gains in all other issues. The market was firm and there were several buyers in evidence, particularly for long-term terminable loans. There was a large speculative turnover in 3½ per cent. Paper. In the following week wide fluctuations were manifest in 3½ per cent. Paper. Since quotations for Rupee Paper were in advance of 3½ per cent. India sterling stocks, there was a tendency to convert holdings in rupee paper into sterling loans. This naturally caused a small set-back in the local market and a rise in India sterling loans, Rupee paper receding from Rs. 98 to Rs. 97-1 (15th), and 3½ per cent. Sterling Loans improving from £95¾ to £98. There were various rumours in the market at this juncture that Government were trying to check the sharp advance in local security prices and this caused heavy selling by holders, who pushed down the rate to as low as Rs. 96-12 (19th). Furthermore at this time money market was very tight and speculators were disinclined to make fresh commitments. During the last week, an improved tone was manifest, 3½ per cent. Paper advancing to as high as Rs. 98-4 (28th). The undertone of the market was firm. All other issues were steady, 3½ per cent. 1947-50 Loan closing at Rs. 102-13 and 3 per cent. 1941 Bonds standing at a premium of Rs. 1-4. 4 per cent. 1960-70 Loan after touching Rs. 111-7 closed at Rs. 111-2 and 4½ per cent. 1955-60 Loan finishing at Rs. 117-0. 5 per cent. 1945-55 Loan improved and closed at Rs. 119-4.

Renewed strength in Gilt-edged.

Large speculative turnover.

Temporary set-back occurs.

Market closes firm.

THE RAILWAY BUDGET.

The Railway Budget was presented to the Legislative Assembly by the Commerce Member, Sir Joseph Bhore, on February 17, 1934.

Dealing with the actual figures for 1932-33, the Hon. Member stated that the anticipated loss of Rs. 9⅓ crores had unfortunately increased to Rs. 10¼ crores, mainly due to a fall in

traffic receipts and this loss had been met out of loan from the Depreciation Fund, which after this transaction showed a balance of just over Rs. 12 crores.

Outlining the working for 1933-34, the Commerce Member stated that the income from all sources was anticipated at Rs. 88¾ crores and the total expenditure, including depreciation, at just over Rs. 64 crores, leaving the net traffic receipts at Rs. 24¾ crores. Interest charges were reckoned at Rs. 32½ crores, the year's loss thus aggregating Rs. 7¾ crores, including the almost fixed annual loss of Rs. 2 crores on strategic lines. The Depreciation Fund was again to be tapped to meet this loss, which would show a balance of Rs. 11¾ crores at the end of 1933-34.

The Hon. Member pointed out that during 1933-34 the traffic receipts had been well above the previous year and the revised estimates were about Rs. 2 or Rs. 2½ crores better than the figure of last year. Goods earnings were expected to be nearly Rs. 3½ crores more or about 6 per cent. The fact that traffic increase was general and not confined to any particular commodity was significant as showing some sign of the beginning of trade revival.

On the subject of working expenses, he stated that though these were not expected to differ much from the budget estimates, they might have been lower. The serious disasters of unparalleled magnitude caused by the earthquake, particularly in Northern India, would entail cost of about Rs. 75 lacs for repairs, reconstruction of buildings, bridges and tracks that were affected. Furthermore, damages to bridges caused by floods in the Ganges had added to the increased expenditure. The whole of the extra cost was estimated at Rs. 1 to 1½ crores which was proposed to be debited to the Depreciation Fund and repayment to the Fund was to be effected by annual instalments of Rs. 15 lacs from revenues.

The Hon. Member pointed out that the deterioration in traffic receipt was to be set off more or less by a reduction in interest charges owing to reduced rate at which Government were able to borrow during the year.

In budgeting for the fiscal year 1934-35, the total receipts were reckoned at Rs. 91¼ crores and the total expenditure including depreciation at Rs. 64½ crores. With the interest charges estimated at Rs. 32 crores, the total loss would amount to Rs. 5¼ crores, which would again have to be liquidated from the Depreciation Fund. This Fund would, after this transaction, show a credit balance of Rs. 11½ crores at the end of the budget year as compared with Rs. 11¾ crores at the beginning.

Commenting on the programme of works expenditure for 1934-35, the Hon. Member stated that a sum of Rs. 14 crores was budgeted under this head, of which nearly Rs. ¾ crore would come from a further reduction in stores balances. Except one small new line of 3 miles in connection with the Tanjore District Board Railway at a cost of Rs. 3 lacs and Rs. 11 lacs for completion of lines already started, no new lines were contemplated. There were a few projects like the Bombay-Sind connection and the Pollachi-Venantirai line in South India and their prospects of remunerativeness were still under examination. If, at a later date, it was decided that they were likely to be remunerative under present cheap money and low prices of materials, steps would be taken to obtain sanction for further grants in this regard.

As regards open line works, the programme included Rs. 4¾ crores for track renewals, Rs. 3¼ crores for rolling stock in addition to Rs. 1½ crores for works in progress. The amount provided for new works was under Rs. 4½ crores, out of which Rs. 1¾ crores were set apart for repairs and additions to the protection works of the Hardinge Bridge on the Eastern Bengal Railway.

After dealing with the subject of retrenchment of staff in accordance with the recommendations of the Pope Committee, Sir Guthrie Russel, the Chief Commissioner for Railways, pointed out in the Council of State that the working expenses of the Indian Railways were still below those of the various foreign railways and maintained that Indian Railways were in a better and sound financial position. He pointed out that the existing scale of charges had not been a serious handicap to trade and yet the administration had not omitted to examine cases, where there was a possibility of increasing traffic and stimulating trade by a reduction in goods rates, and in support, he instanced several cases of concessions granted by the railways in the matter of movement of wheat, grains, rice, etc., to important consuming centres. He finally concluded that if the present rate of increase in traffic persisted, there was every hope of witnessing a revival of trade in the not distant future.

THE BOMBAY BUDGET.

The Bombay Government Budget for the year 1934-35 was presented to the Legislative Council on Monday, the 19th February, by the Finance Member, the Hon. Sir Gulam Hussain Hidayatullah, K.C.S.I.

Before outlining the budget estimates for 1934-35, the Hon. Member pointed out that the budgeted loss of Rs. 28 lacs in 1933-34 had been revised into a revenue surplus of nearly Rs. 4 lacs, even after providing for debt repayment of nearly Rs. 12 lacs in the current year. This meant a total improvement of Rs. 44 lacs effected by drastic economies under various heads of expenditure assisted by a certain amount of revenue recuperation and some additional taxes.

The Budget for the financial year 1934-35 showed an insignificant surplus of Rs. 70,000 The revenue receipts amounted to Rs. 15,22.8 lacs and expenditure to Rs. 15,22.1 lacs, without providing for debt repayment of Rs. 12 lacs. Under the head "interest charges" a saving of Rs. 4½ lacs was anticipated owing partly to conversion betterments and to less borrowings and Rs. 6½ crores on Barrage account.

THE GENERAL BUDGET.

The General Budget was introduced in the Legislative Assembly by the Hon. Sir George Schuster, Finance Member, on Tuesday, February 27, 1934, this being his last budget.

The revised estimates of 1933-34, without taking into account the provision for debt reduction, showed a deterioration of Rs. 504 lacs in the revenue returns and a saving of Rs. 220 lacs in expenditure, leaving a deficit of Rs. 284 lacs. The deterioration in revenues was mainly

due to a fall of about Rs. 438 lacs under Customs and about Rs. 93 lacs under Income-tax. The following were the main revenue differences between the Budget and the revised estimates :—

	Better.	*Worse.*
Customs		Rs. 438 lacs.
Taxes on Income		,, 93 ,,
Salt		,, 20 ,,
Opium receipts (gross)	Rs. 39 lacs.	..
Interest receipts		,, 23 ,,
Currency and Mint receipts		,, 51 ,,
Other heads	Rs. 82 lacs.	..
	Rs. 121 lacs.	Rs. 625 lacs
	=worse by Rs. 504 lacs.	

The general falling off in imports as seen from the big drop under customs receipts had been balanced by a substantial increase in exports indicating a moving back towards the normal favourable trade balance in merchandise, thereby lessening India's reliance on gold exports in order to maintain an even keel. In the midst of deteriorations, there had been a windfall of Rs. 33 lacs being the repayment of pre-war debt by the Persian Government. The saving of Rs. 220 lacs in expenditure was mainly due to receipts of Rs. 178 lacs from the British Government following the Capitation Tribunal award and non-payment of Rs. 8 lacs of interest on war debts provided for in the Budget.

During the three years, 1931-32 to 1933-34 the expenditure was met out of current revenues and more than this, there had been a surplus of Rs. 8 crores which was utilised to reduce the debt position (Rs. 353 lacs in 1931-32 to 1932-33 and Rs. 429 lacs in 1933-34). This soundness of the budgetary position enabled the Government to effect a striking improvement in their general financial position. The following figures amply illustrate the soundness of their currency position :—

	Notes in Circulation.	Gold & Sterling Securities.	Percentage.	
21-9-1931 ..	Rs. 146 crores	Rs. 57.82 crores.	Value based on old parity.	40 per cent.
31-3-1934 ..	,, 178 ,,	,, 106 ,,		60 per cent.

There had been an increase of Rs. 48.17 crores in the value of external reserves (leaving out of account the potential profit on gold which at present amounted to a hidden reserve of Rs. 27 crores).

Dealing with the floating and short-term debt position, it was stated that at the end of September 1931, the total debts maturing within five years aggregated Rs. 336.55 crores. As against this, the position in March end 1935, would be Rs. 165.96 crores, of which Rs. 60.75 crores were due to mature within the next 12 months. The net result was that the near maturities would have been reduced by Rs. 170.59 crores, out of which immediate liabilities would be reduced by Rs. 40 crores.

On the subject of loan policy, the Hon. Member stated that the results of the last three years represented a net improvement of Rs. 5½ crores per annum. He further stated that it had been decided that an annual provision of Rs. 3 crores would be sufficient for reduction of debt and this change would apply for 1933-34. Accordingly the surplus of Rs. 429 lacs as per the revised estimate would be reduced to Rs. 129 lacs, which amount would be set aside to afford relief measures to the Province affected by the disastrous earthquake.

As regards the revenue items of the Budget for 1934-35, Customs revenues were budgeted at Rs. 44.62 crores as against the revised estimate of Rs. 46.87 crores in 1933-34. This fall was mostly due to a decrease in sugar imports owing to the growing enormous production of Indian sugar. The import duty was estimated at Rs. 205 lacs as against Rs. 10½ crores collected in 1930-31. Further the land customs duty on imports over the Viramgaum line was put at Rs. 1 crore, *i.e.*, a loss of Rs. 32 lacs. On manufactured tobacco only Rs. 21 lacs were budgeted owing to the protective stimulus given to local manufacture of a class of cigarettes hitherto imported.

Dealing with actual results of 1932-33, the Hon. Member pointed out that there was a surplus of Rs. 155 lacs after providing Rs. 6.84 crores for debt reduction, which meant an excess of Rs. 8.39 crores of revenues over expenditure. The results of the two combined years (a deficiency of Rs. 4.86 crores in 1931-32 and a surplus of Rs. 8,39 crores in 1932-33) showed that not only the budgetary requirements were met with current revenues but a provision of Rs. 3.53 crores was made for reduction of debt.

On the expenditure side it was stated that rigid economy was still being maintained and no new items were allowed. Taking the main administrative heads, there would be a net decrease of Rs. 3 lacs as compared with 1933-34. The Defence Budget had been put at Rs. 44.38 crores, *i.e.*, Rs. 4 lacs less than the revised estimates of the previous year. This reduction in the army budget was mainly due to receipts from the British Government as a result of Capital Tribunal award. From Rs. 55 10 crores in 1929-30, the figure had been reduced to Rs. 44.38 crores, a reduction of nearly Rs. 10.72 crores.

Revenue & Expenditure (in crores).

	Budget 1933-34.	Revised 1933-34.	Budget 1934-35.
Revenue ..	Rs. 86.34	Rs. 80.88	Rs. 78.08
Expenditure ..	Rs. 79.21	Rs. 76.59	Rs. 76.61
Debt reduction ..	Rs. 6.88	Rs. 3.00	Rs. 3.00
	Rs. 86.09	Rs. 79.59	Rs. 79.61
(Surplus + or Deficit—)	+ Rs. .25	+Rs. 1.29	—Rs. 1.53

To meet the above deficit of Rs. 153 lacs in the coming year, the taxation proposals as detailed below were calculated to produce a net improvement of Rs. 169 lacs, thus leaving a surplus of Rs. 19 lacs.

Explaining at length the present abnormal growth of the sugar industry, and its inroad on the import duty, the Hon. Member pointed out that it was proposed to levy an excise duty of Rs. 1-5-0 per cwt. on factory produced sugar, at the same time introducing legislation at the Centre enabling Provincial Governments to control the price for cane to be paid by the factory to the grower. This duty was expected to give Rs. 147 lacs. Raw tobacco would be subjected to a duty of Rs. 2-6-0 per lb. standard and Rs. 1-14-0 per lb. preferential. On cigarettes, there would be a duty of Rs. 5-15-0 per thousand plus 25 per cent. *ad valorem* duty and this was estimated to bring in a revenue of Rs. 30 lacs.

On the subject of the removal of the import duty on silver, the Hon. Member pointed out that as a measure of co-operation with the U.S.A. according to the recent silver agreement, it was decided to reduce the existing import duty from 7½ annas to 5 annas per ounce.

Another item of change in duty was raw hides, the export duty on which was abolished.

Postage and telegraph rates were revised to stimulate an increased volume of business, without at the same time impairing the revenue position. The Finance Member then informed the House of a proposal by which the province of Bengal was to be helped financially. The scheme was to return to Bengal half the export duty on jute, *viz.*, Rs. 190 lacs. As a sort of compensation, the Legislature were to sanction the imposition of an excise duty on matches at the rate of Rs. 2-4-0 per gross of boxes of matches made in India, yielding a revenue of Rs. 3 crores in a full year. After distribution among the Native States and Burma Rs. 70 lacs and Rs. 18 lacs respectively, the net amount for British India was estimated at Rs. 192 lacs, which was only Rs. 3 lacs more than Rs. 189 lacs to be distributed on account of half the jute export duty to Bengal.

On the subject of the Ways and Means position, the Hon. Member pointed out that Government were able to maintain an improvement in India's credit position both in England and on India, with the result that Government were able to fund a larger amount of loan commitments and remit more than the actual requirements. With a small capital programme of Rs. 468 lacs on railways and Rs. 625 lacs to Provinces, the position of Government finances was very strong. The only securities actually maturing for repayment next year were the 4½ per cent. 1934 Bonds amounting to Rs. 13 crores and this could be met out of receipts of Rs. 11.50 crores from Post Office Cash Certificates. As such no regular loan would be required either in England or in India in the next fiscal year. Between 1934 and 1938 the following loans mature for repayment :—

In England.

6 per cent. 1935 Sterling Loan 5½ per cent. 1936-38	}	£29 million=Rs. 40 crores.

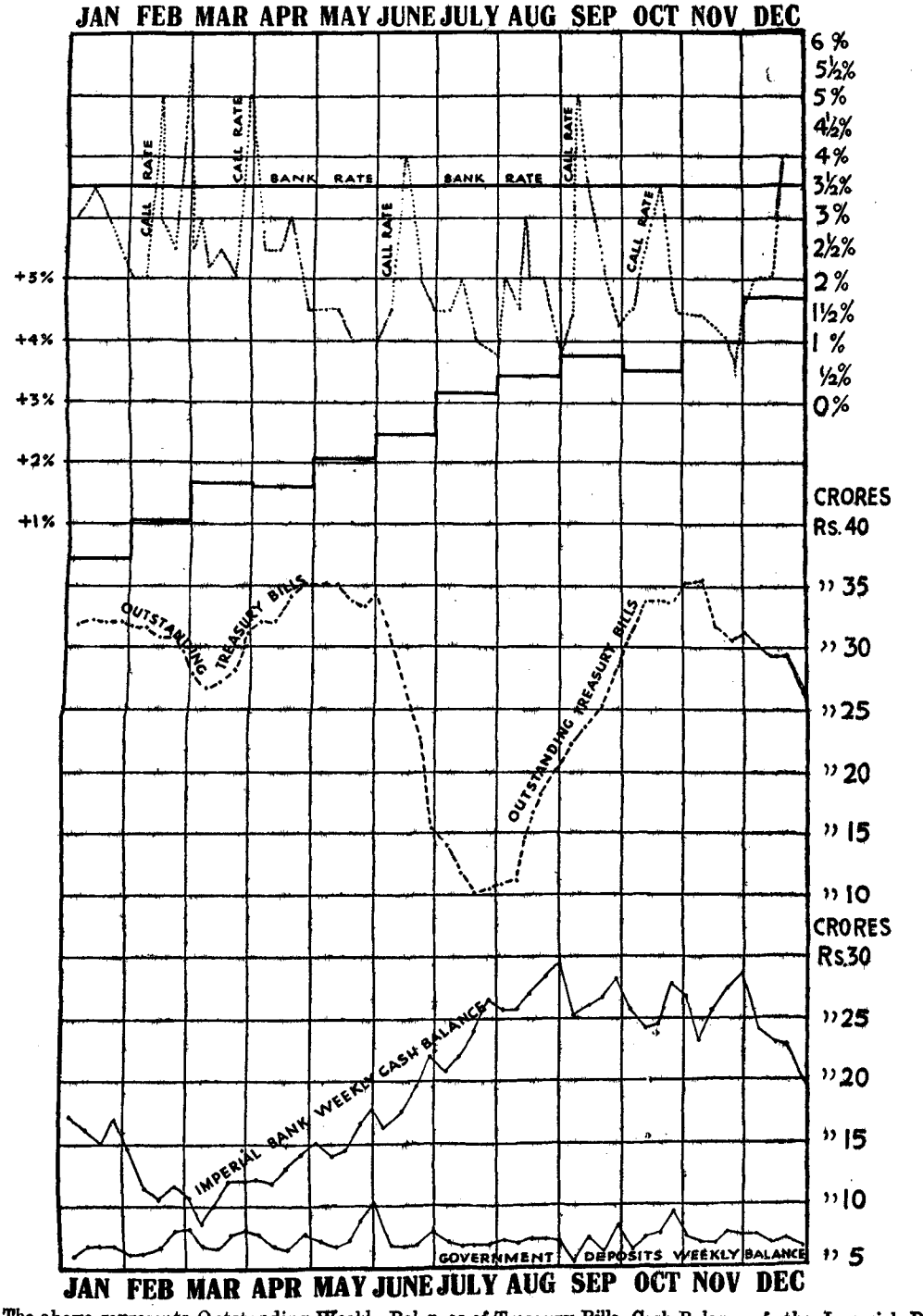
In India.

4 per cent. 1934-37	..	Rs. 19.54 crores.
5 per cent. 1935 Loan	..	„ 11.43 „
6½ per cent. Tr. Bonds 1935	..	„ 16.10 Rs. 40.07 crores.

If conditions were favourable, it might be possible to convert these loans. Though the present sterling reserves might be strong, no opportunity would be lost in fortifying further the sterling position. This might entail a further replacement of rupee treasury bills in the P. C. R. by sterling securities and a corresponding increase in borrowings from the public. As regards Treasury Bills held by the public, there would be no reduction below Rs. 30 crores for the next year.

In the matter of Home charges, it was mentioned that £37.46 million were put in the revised estimates for 1933-34, of which £36 million were secured as against the budget estimate of £21 million. For the next year the estimated remittance figure has been put at about £26.7 million.

MONEY AND GOVERNMENT SECURITY CHART, 1934.



NOTE :—The above represents Outstanding Weekly Balances of Treasury Bills, Cash Balance of the Imperial Bank and Government Deposits :

———Represents the monthly average rise or fall in per cent. from the opening rates of the year on all Government Securities taken at their face value of Rs. 100/.

STERLING EXCHANGE.

January 1st week	Sterling exchange market opened firm. Sellers 1/6—3/64 and buyers 1/6 –5/64.
„ middle	Large purchases of sterling by Government.
	Heavy tenders for £1 million sterling at 1/6—1/16.
February middle	Exchange rates quiet.
March beginning	Market steady—Lack of business for gold exports.
„ Last week	Heavy tenders for sale of sterling at 1/6—1/16.
April	Undertone firm—rates were steady, sellers at 1/6—1/16.
„ last week	Heavy tendering at 1/6—1/16 continued.
May middle	Rates were quiet by 1/32d.
	Tenders for £1 million sterling declined to £50,000 at 1/6—1/16.
„ last week	Rate for ready T. T. declined to 1/5—15/16d.
June 1st week	Market firm.
„ middle	No tenders for sterling at 1/6—1/16.
„ last week	Small tenders at 1/6-1/16.
July	Sterling exchange remained steady with sellers of ready T. T. at 1/6—1/32 and buyers at 1/6 –1/16.
„ middle	No tenders for sterling to Government during the latter half.
August 1st week	Rates steady.
	Small tenders at 1/6—1/16.
„ 3rd week	Rates were subdued, decline in tenders owing to rumours regarding possible levy of an export duty on gold.
„ last week	Market regained steadiness.
September	Appearance of large amount of sterling tenders at 1/6—1/16.
October	Sterling exchange steady, Government bought £1 million every week at 1/6—1/16.
November	Falling off in tenders to Government. Market quiet.
December 1st week	Market steady.
	Government were able to buy £1 million every week at 1/6—1/16.

STERLING EXCHANGE.

Sterling exchange opened firm with sellers of ready T. T. at 1*s.* $6\frac{3}{64}$*d.* and buyers at 1*s.* $6\frac{5}{64}$*d.* Governing factors in this connection were the demand for money coupled with fresh business in regard to gold exports together with some showing of merchandise export bills. Throughout January the tone of the market continued firm with sellers of ready T. T. at 1*s.* $6\frac{1}{16}$*d.* and buyers at 1*s.* $6\frac{3}{32}$*d.* Interesting features of the period under review were the heavy tendering for one million sterling offered and the distinct improvement in merchandise export bills, as following the signing of the Indo-Japanese pact, purchases of raw cotton for export to Japan had commenced at this time. Fresh sales of sterling against exports of gold in which connection large business was done at this time were also responsible for the strength in sterling exchange. The tone of the forward market was equally firm, there being sellers at 1*s.* $6\frac{1}{16}$*d.* upto March and no buyers under 1*s.* $6\frac{3}{32}$*d.*

Market opens firm.

Heavy tenders to Government.

In February the exchange rates ruled firm both for near and forward deliveries. Sales of sterling against gold purchases and the appearance of a fair volume of merchandise export bills for shipments of cotton continued to remain the principal features. During the middle of this month, forward rates were slightly quieter, *viz.*, April/May being quoted 1*s.* 6*d.* probably owing to the absence of other merchandise export bills and gold exports being confined only to spot delivery.

Market continues firm.

Throughout March sterling exchange remained almost steady, particularly for near position owing partly to the prevalent monetary situation and partly to restricted fresh business in connection with gold exports. The rate for ready T. T. was 1*s.* $6\frac{1}{16}$*d.* for sellers throughout with only a few buyers at 1*s.* $6\frac{3}{32}$*d.* Lack of business in connection with gold exports accounted for the dull tone then prevalent in the market. In the last week of March, however, a revival of activity was witnessed in business for gold export for ready as well as forward shipments and there was also a slightly better showing of merchandise export bills. Large amounts of sterling were on offer for one million sterling and Government allotted only from $1\frac{3}{4}$ per cent. to 2 per cent.

Market remains steady.

In the opening week of April there were sellers of ready T. T. at 1*s.* $6\frac{1}{16}$*d.* upto middle of May with June/July deliveries freely offered at 1*s.* $6\frac{1}{32}$*d.* Large operations pertaining to the export of gold both for near and forward deliveries accounted for the strength in the market. The undertone continued firm throughout April with sellers of ready T. T. at 1*s.* $6\frac{1}{16}$*d.* and buyers at no better than 1*s.* $6\frac{3}{32}$*d.* Fresh business for gold exports was however not large and merchandise export bills were also small. The allotment by Government of weekly tenders for one million sterling was but $1\frac{3}{4}$ per cent. throughout the month.

Large business in gold.

Sterling exchange continued steady at the closing rates during the first half of May, the mainstay of the market being a good amount of business in gold for export, particularly for near delivery. Merchandise export bills were small and the enquiry for remittances was negligible. Forward rates ruled steady,

Strength maintained.

May/June being quoted at 1s. $6\frac{1}{32}$d. and July/August at 1s. 6d. In the middle of the month, however, the exchange rates were quieter by $\frac{1}{32}$d. There were sellers of ready T. T. at 1s. $6\frac{1}{64}$d. and buyers at 1s. $6\frac{3}{64}$d. Immediate influences were cheap money and the relatively small business in gold for export. During this period only £50,000 were applied for and allotted at 1s. $6\frac{1}{16}$d. for one million sterling bidding. In the latter half of May exchange rates were easier, and the rate for ready T.T. declined to as low as 1s. $5\frac{15}{16}$d. (22nd and 23rd). Towards the close, however, there was some recovery and the rate improved and closed at 1s. 6d. for sellers, and 1s. $6\frac{1}{32}$d. for buyers, partly due to purchases of gold by exporters. Merchandise export bills were still negligible. There were no tenders made to Government during this week for one million sterling offered.

Rates ease.

In the June perspective, sterling exchange was distinctly steady with a fair amount of business passing both for near and forward deliveries. Sellers of ready T.T. quoted 1s. $6\frac{1}{64}$d. and buyers 1s. $6\frac{3}{64}$d. Fresh business in connection with gold exports and an improvement in merchandise export bills showing contributed to the steadiness. During the remaining period the exchange market continued firm, particularly for near delivery. A fair amount of business was done by banks in connection with gold exports and merchandise export bills were also placed to a fair amount. It may be noted that successively for four weeks there were no tenders for one million sterling offered by Government. During the last two weeks, on 20th and 27th June, about £600,000 were tendered at 1s. $6\frac{1}{16}$d. and were allotted in full by Government. Sellers of ready T.T. quoted 1s. $6\frac{3}{64}$d. and buyers 1s. $6\frac{5}{64}$d. Forward rates continued steady, and there were sellers upto December at 1s. $6\frac{1}{32}$d.

Market regains firmness.

Large gold business done by Banks.

In the opening week of July the undertone of the market was firm with sellers of ready T.T. at 1s. $6\frac{3}{64}$d. and buyers at 1s. $6\frac{5}{64}$d. There was little business in connection with the export of gold and merchandise export bills were again very small. Throughout the remainder of the month, sterling exchange continued steady with sellers of ready T.T. at 1s. $6\frac{1}{32}$d. and buyers at 1s. $6\frac{1}{16}$d. Gold export business continued on a very reduced scale and merchandise export bills were negligible. No tenders of sterling were made to Government during this period owing probably to the slackness of demand for money.

Undertone firm.

In the first week of August, sterling exchange was distinctly steady and a fair amount of gold was bought by banks for export purposes though the amount of merchandise export bills showing was very small. At the week's bidding for one million sterling, tenders amounted to only £130,000 which Government accepted at 1s. $6\frac{1}{16}$d. In the subsequent week heavy applications were made and Government allotted only 40 per cent; it was believed that the majority of tenders was from Calcutta. The market continued very steady throughout the rest of the month, but in the third week it became somewhat subdued. There was a decline in sterling tenders owing to rumour concerning the possible levy of an export duty on gold. But even after the removal of this misapprehension by an official communique, business in this connection was small, as the price of gold ruled above

Large tenders received once again.

export parity. Merchandise export bills were still small. Towards the close of the month the market was distinctly steady and the rate for sellers of ready T.T. was 1*s.* $6\frac{1}{32}$*d.* and for buyers 1*s.* $6\frac{3}{32}$*d.* Forward quotations continued steady, 1*s.* $6\frac{1}{32}$*d.* being available upto end of January 1935.

Steady tone continues.

September witnessed continued steadiness in the sterling exchange market, though business in connection with the export of gold was negligible. A large amount of sterling was tendered to Government on 11th September on account of the money position. At this bidding, tenders at 1*s.* $6\frac{1}{16}$*d.* amounted to £30 million and Government allotted only $3\frac{1}{4}$ per cent. During the rest of the month, sterling remained steady with sellers of ready T.T. at 1*s.* $6\frac{3}{64}$*d.* and buyers at 1*s.* $6\frac{5}{64}$*d.* In the forward market, 1*s.* $6\frac{1}{32}$*d.* was available upto January 1935.

Throughout October sterling exchange was steady to firm with sellers of ready T.T. at 1*s.* $6\frac{1}{32}$*d.* and buyers at 1*s.* $6\frac{1}{16}$*d.* to 1*s.* $6\frac{5}{64}$*d.* A fair amount of fresh business in gold for export was done by banks and Government were able to buy a million sterling every week at 1*s.* $6\frac{1}{16}$*d.* Merchandise export bills were also placed on a moderate scale.

Market easier.

During November, however, the market was slightly quieter owing to paucity of export bills in connection with shipments of gold, there being little or no fresh business. In the first two weeks Government secured only £150,000 sterling. Though there was some improvement in gold export business in the latter half of the month, tenders to Government were very small being £50,000 and £75,000 and the balance would appear to have been utilized for seasonal trade requirements. Forward rates were unchanged at 1*s.* $6\frac{1}{32}$*d.* Merchandise export bills were negligible during this month.

Market steadier.

In the first week of December sterling exchange became steadier, following large purchases of gold by banks for export and there were few buyers of exchange at even 1*s.* $6\frac{1}{16}$*d.* Since 10th November Government were able to obtain small amounts of not more than £100,000, but in the week ending 5th December tenders amounted to £1,730,000, allotment being 58 per cent. at 1*s.* $6\frac{1}{16}$*d.* Merchandise export bills were also placed in moderate quantities and furthermore money rates were tending to be firm, especially in outside centres, Calcutta reporting 3 per cent. for call loans.

Rates firm.

During the rest of the month exchange rates ruled firm with sellers of ready T.T. at 1*s.* $6\frac{3}{64}$*d.* and buyers at 1*s.* $6\frac{5}{64}$*d.* Fairly large exports of gold and tightness in money were largely responsible for the firm tone. Government were able to buy a million sterling every week, tenders in the last week amounting to over £48 million, the allotment thereon being only 2 per cent.

GOVERNMENT REMITTANCES.

Tenders invited every week.

Throughout the year Government invited weekly tenders for the purchase of sterling to the extent of one million and were in addition buying on tap upto the middle of June 1934.

During January tenders were pretty heavy and Government allotted only upto 2 to 3 per cent. Sterling exchange ruled firm during this period and Government were able to buy some amounts even at their tap rate, *i.e.*, 1*s*.6$\frac{3}{32}$*d*. during the latter half of January. In the third week, Government transferred £5 million from the Home Treasury to the Gold Standard Reserve in England against a corresponding transfer of gold earmarked in India from the Gold Standard Reserve to the Paper Currency Reserve and this they were able to do because of the accumulation of large sterling balances. In this month Government remitted £6,702,000, of which £4 million were through purchases by tender and £2,702,000 through intermediates. The total of such remittances since 1st April 1933 to the end of January 1934 amounted to £28,443,000, of which £5 million have been transferred to reserves.

Heavy Tenders.

Transfers to G.S.R. and P. C. R.

From February right up to the first week of May, tenders for sterling were very large amounting to over £50 million, Government allotment every week being only 1$\frac{3}{4}$ to 2 per cent. The rate of acceptance for sterling tender was uniform throughout at 1*s*.6$\frac{1}{16}$*d*. for tenders and 1*s*.6$\frac{3}{32}$*d*. for intermediates. However, on May 9, the amount of tenders fell to £7,010,000 and Government allotted 14 per cent. Throughout this period gold as well as merchandise exports were large. Government remittances from the beginning of the year to 12th May amounted to £30,684,000, of which £19 million were through purchases by tender and the balance £11,684,000 through intermediates. During this period Government again transferred £2,905,000 in the middle of March from the Home Treasury to the Gold Standard Reserve against transfer of gold from the Gold Standard Reserve to Paper Currency Reserve in India. The increase of gold in Paper Currency Reserve in India was set off by a corresponding cancellation of *ad hocs*.

Large Weekly Tenders.

Further transfers to G. S. R. and P. C. R.

In the last two weeks of March, Government transferred £3 million each week from the Home Treasury to the Paper Currency Reserve in England. The increase in sterling securities in the Paper Currency Reserve was off-set by a corresponding cancellation of *ad hocs*. In the first week of May 1934, Government transferred £2$\frac{1}{4}$ million from Home Treasury to Paper Currency Reserve. Against the increase of sterling securities in Paper Currency Reserve in England there was a corresponding expansion of currency in India.

In the third week of May, however, tenders declined to £50,000, the relatively small business in gold for export being responsible for the decline. From thence onward upto the third week of June either there were no tenders forthcoming or they were rejected. The disappearance of sterling tenders was due to the falling off in business in connection with the export of gold. In the last week of June, however, tenders amounted to £565,000 at 1*s*.6$\frac{1}{16}$*d*. and these were allotted in full. In the first week of July the amount of sterling tendered increased to £865,000 which Government accepted in full at 1*s*.6$\frac{1}{16}$*d*. In the subsequent weeks of July, there were no tenders of sterling made to Government, probably due to slackness of demand for money. Also, business in connection with gold exports was on a reduced scale.

Tenders decline.

No Tenders received.

Tenders made again.

On August 1, tenders amounted to only £130,000 and these were accepted in full. Sterling exchange market remained steady and the rate of acceptance by Government remained unchanged at 1s.6 1/16d. In the following week, however, there was some recovery and the amount of sterling tendered was £2,495,000, the allotment being approximately 40 per cent. In the subsequent week also tenders were large amounting to £6,105,000, and the allotment was only 16 per cent. During the last week of August, there was again a marked falling off in sterling tenders, the amounts tendered being £450,000 on the 22nd and £790,000 on the 29th August. The total amount remitted by Government during July and August amounted to £4,380,000, all through purchases by tenders only.

Large Tenders received once again.

Throughout September large amounts of sterling were tendered thereby enabling Government to secure the full one million asked for. Though on the 11th September, tenders amounted to over £30,000,000, the allotment thereon was only 3¼ per cent. This was due more to the money position rather than to any improvement in business for gold exports. Government's buying rate during this month was unchanged at 1 s. 6 1/16 d. Government remitted in this month £3,826,000 as against their purchase of £4 million through tenders.

Continuous large Tenders.

Throughout October tenders were fairly big and Government were able to secure the full one million sterling in all weeks except on the 3rd, when the tenders amounted to only £915,000 which were accepted in full. The total amount remitted during this month was £2,765,000.

Throughout November sterling tenders ranged only between 50,000 to 100,000 pound sterling. This was mostly due to smallness of fresh business in gold exports coupled with a poor showing of merchandise export bills. Though in the latter half, there was some improvement in gold export business, sterling tenders submitted to Government were in small amount, and the balance would appear to have been utilised for covering seasonal trade requirements.

Falling off in Sterling Tenders.

In December there were only three weeks when tenders for sterling were invited and on all occasions tenders were large. In fact during the last week (19th December) tenders amounted to £48,500,000 and the allotment was only 2 per cent. Sterling exchange market during this period was firm owing to recovery in gold purchases for export and there was also a good showing of merchandise export bills. The total amount remitted during this month was £3,640,000 and since January 1 to December 31, the remittances totalled at £47,429,000.

Tenders increase.

CROSS RATES.

The opening week of January 1934 saw markedly wide fluctuations in the New York-London cross-rate. It opened at $ 5 .12¼ and depreciated to as low as $ 5 .18, but reacting to the opening level on the 3rd appreciated sharply on the 6th to $ 5 .09⅜. The London-Paris cross-rate, however, was comparatively steady, the opening rate being 83 .24 francs to the £ and the closing 83 .21 on the 6th.

Wide fluctuations in Cross-rates.

The new monetary policy of the Roosevelt administration in America regarding the devaluation of the dollar had a constant influence on the New York-London and London-Paris cross-rates throughout the month. In the second week, the dollar appreciated to $ 5 .08⅝ and was steady thereat till the 15th. This erratic movement in the New York-London cross-rate remained the usual feature throughout the rest of the month, the dollar fluctuating between $ 5 .12½ on the 17th and $ 4 .95⅝ on the 27th. The franc showed some resistance during the second week, but it began to appreciate steadily from 82 .71 to 79 .53 on the 20th and with slight intermittent recessions closed at 79 .46 to the £.

New monetary policy in U. S. A. and Erratic movements in Dollar.

Franc appreciates.

In the opening week of February, the gold price was fixed at $ 35 per ounce by the President's proclamation in the United States and this had a direct influence on the New York-London cross-rate. The franc continued to appreciate further and the dollar showed a sympathetic tendency. The former was firm at 76 .93 and the latter reached $ 4 .92 on the 5th. During the latter half of the month, the cross rates were comparatively steady, the dollar ranging between $ 5 .03 and $ 5 .08½—though once it touched $ 5 .13½ on the 21st—and closed at $ 5 .07. The franc experienced only small fluctuations ranging between 77 .90 and 78 .84. But it appreciated to 77 .15 on the last day of February.

Gold price raised in U. S. A.

March saw the cross rates steady, the dollar ranging between $ 5 .06½ and $ 5 .08⅜ in the early part and the franc between 77·15 and 76 .93. Further on during the month, the dollar manifested a tendency to depreciation, from $ 5 .07⅞ to $ 5 .11¼. The franc, however, preserved steadiness throughout, moving between 77 .59 and 77 .28.

Cross rates steady.

In the opening week of April, there were wide fluctuations in the cross rates, the dollar further depreciating to $ 5 .18¼ on the 5th and the franc to 78 .43. Fluctuations in international exchange markets were a feature throughout the month, as the inflationist rumours from America had a marked influence on the cross rates. The dollar moved between $ 5 .17¼ and $ 5.15⅞ in the second week. The franc, however, showed some steadiness during this period, moving between 78 .50 and 78 .03 with a tendency to appreciate. In the last week fluctuations were again wide, the dollar after appreciating to $ 5 .13⅝ closed $ 5 .15¼. The franc touched 77 .21 on the 24th and closed at 77 .40.

Wide fluctuations in cross rates.

Throughout May the dollar was tending to appreciate and after a somewhat steady tone at the opening touched $ 5 .08 on the 30th. The franc showed no erratic movements and maintained a steady tone during the first half of May, but towards the close appreciated to 76 .96.

Dollar appreciates.

During the first half of June, the New York-London cross-rate showed a further decline from $ 5 .07⅞ to $ 5 .03⅞ on the 6th and the London-Paris cross-rate showed a sympathetic movement from 76 .96 to 76 .40. During the next week, however, the dollar improved to $ 5 .07⅛ and closed at $ 5.04¼ on the 14th.

Further improvement in dollar.

The franc moved between 76 .78 and 76 .34. Both the dollar and the franc moved more or less in sympathy and maintained their appreciated levels throughout the month, the closing rates respectively being $ 5 .05 and 76 .59 to the £.

Movements narrow.

Throughout July the previous levels were maintained with narrow movements in the New York-London and London-Paris cross-rates, the former ranging between $ 5 .06⅛ on the 4th and $ 5 .03⅛ on the 27th and the latter between 76 .71 and 76 .28, the closing quotations being $ 5.04 and 76 .40 to the pound.

Franc appreciates.

The previous rates continued till the last week of August when the franc began to appreciate from 76 .40 to 74 .96 on the last day. The dollar also displayed a similar tendency towards appreciation to $ 5 .01, though during the first half of August the dollar depreciated from $ 5 .03 to $ 5 .11⅜.

Sterling continues to depreciate.

September witnessed some steadiness in the New York-London and London-Paris cross-rates, the former ranging between $ 4 .98¾ on the 2nd and $ 5 .01¾ on the 12th and the latter between 74 .90 and 75 .12. During the last week, the dollar appreciated further from $ 4 .99½ to $ 4 .96¾, but the franc remained stable, ranging between 74 .84 and 74 .46.

Sharp appreciation in Dollar followed by sharp depreciation.

The cross rates opened steady in October, but the dollar appreciated sharply on the 3rd from $ 4 .96¼ to $ 4 .91¾ and thereafter at a gradual pace improved to $ 4 .89 on the 10th and the franc improved from 74 .81 to 73 .80 to the £ on the same day. Thereafter the cross rates tended to depreciate. The gold price in London dropped from 143*s*. 3*d*. to 139*s*. 6*d*. on the 25th and the dollar depreciated to $ 4 .98¾ and the franc to 75 .65 on the last day of the month.

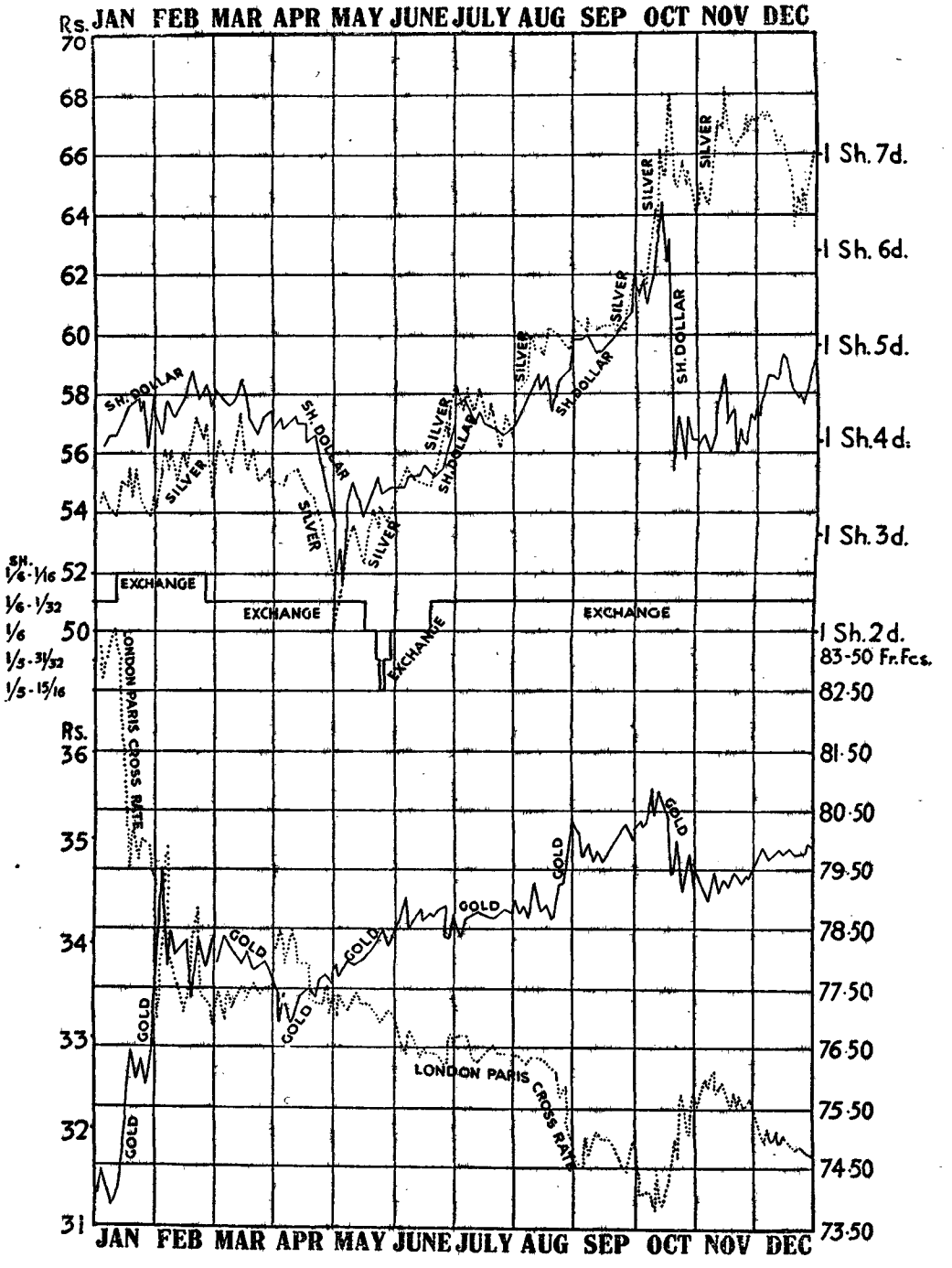
Comparatively narrow movements in Cross Rates.

Throughout November movements in the New York-London and London-Paris cross-rates were minor, the rate for the former ranging between $ 4 .97⅞ and $ 5 .01⅝ and the latter between 75 .50 and 76 .12 on the 9th. During the remainder of the month movements were very narrow the dollar veering round $4 .98½ and the franc round 75 .60 to the £.

Sterling develops weakness.

In the opening week of December, sterling developed a weaker tendency and the price of gold advanced higher. These tendencies were reflected in the New York-London and London-Paris cross-rates. The dollar appreciated from $ 4 .98 to $ 4 .93¾, on the 6th, but after reacting to $ 4 .96⅛ gradually rose to $ 4 .93½ at the end. The franc experienced a similar movement. The quotation after receding from 75 .53 to 74 .90 on the 6th rose to 75 .21 but eased off towards the end to 74 .65.

BULLION AND EXCHANGE CHART, 1934.



GOLD.

January	Market opened firm with heavy stocks on hand.
„ 3rd week	Announcement by President Roosevelt regarding devaluation of the dollar by 40 per cent.
	Price of gold in London jumped; stocks on hand depleted owing to large shipments of gold.
„ last week	Market steady.
February 1st week ..	Price of gold fixed in the U.S.A. at $35 per oz.
	Feverish activity in the local market.
	Erratic price fluctuations and voluminous turnover.
„ 2nd week	Peak price of gold in London; sterling week.
„ last week	Trend of prices higher.
March	Market steady. Rates ruling above export parity, making fresh business impossible.
April	Erratic movements; sterling appreciate, turnover large.
„ last week	Rumours regarding further devaluation of the dollar revived, price of gold firm.
May 1st week	Dollar appreciated; price of gold advanced.
„ last week	Sterling quieter, trend higher, volume of business both inter-bazar and for export large.
June 1st week	Prices firm, dollar appreciating, large purchases by banks for export; Rumours afloat that American Mint price of gold may be raised by one dollar an ounce.
„ last week	Market steady.
July 1st week	Price of gold easy.
„ 2nd week	Market regained steadiness and fair amount of business for export and inter-bazar for forward delivery was done.
August 1st week	Higher prices for gold; Rumours regarding dollar devaluation by 10 per cent. revived; prices in the local market ruled above export parity.
„ 2nd week	Erratic fluctuation in gold price due to rumour in connection with a possible levy of export duty on gold.
„ 3rd week	No shipment of gold for the first time since the abandonment of gold standard by Great Britain.
„ last week	Market firm, price of gold steadily improved.

September 1st week	Market easy owing to firmness in New York-London cross rate. Little enquiry from abroad.
,, 3rd week ..	Prices in the local market ruled above export parity, only inter-bazar business done.
,, last week ..	Gold prices firm.
October 1st week	Upward tendency in gold price. Peak price for the year Rs. 35-10.
,, 2nd week	Temporary drop in price owing to sterling appreciation consequent upon the assassination of the King of Yugo-Slavia in Paris.
,, 3rd week	Rates firm, large purchases of gold by banks for export, stocks were heavy estimated at 20 lacs tolas.
,, last week	Large turnover, market steady.
November	Market easier and prices sagged and small business was done.
December	Sterling weaker ; price of gold advanced.

GOLD.

The gold market opened firm at the beginning, and the trend of prices was high on account of weakness in the London-Paris cross-rate. Ready after opening at Rs. 31-5-6 improved to Rs. 31-9-6 (4th), but eased off towards the close of the first week of January to Rs. 31-7-9 per tola. A fair amount of gold was bought by banks both for near and forward deliveries. It was reported that a large quantity of gold estimated at about 3 lacs tolas was refined on the opening of the Mint after the holidays and stocks on hand aggregated about 11 lacs tolas. The daily offtake, however, was only 3,000 tolas. Following a temporary steadiness in the London-Paris cross-rate, the gold price eased off to Rs. 31-4-3 about the middle of the following week and thereafter the market continues steady to firm with a fair amount of business transacted. During the third week of January, the announcement on monetary policy by President Roosevelt in connection with the devaluation of the dollar by about 40 per cent. coupled with the fact that America was buying gold abroad, particularly in London, had a weakening influence on the London-Paris cross-rate. The quotation for gold in London improved from 127*s.* 2*d.* to 132*s.* 10*d.* per fine oz., which in turn brought forward numerous buyers of gold at advancing rates in the local market. The price of ready advanced as high as Rs. 32-13-0 (18th) but closed at Rs. 32-9-0. Consequently stocks on hand were depleted to about 5 to 6 lacs tolas, though the daily offtake averaged some 3,000 tolas. The price of ready sovereign moved sympathetically with the gold price. After opening at Rs. 19-15-6 at the beginning of the year the rate moved up to Rs. 21-1-0 but receding again to Rs. 19-14-9 improved to Rs. 20-12-6 and ultimately closed at Rs. 20-9-0.

Market opens firm.

Large business transacted by Banks.

New monetary policy in U.S.A.

Gold prices advance.

Stocks depleted.

During the last week of January, prices were steady and the undertone of the market remained firm. The quotation for ready ranged between Rs. 32-11-9 (24th) and Rs. 32-8-6 (20th). The amount of business transacted was fair-sized both for ready and forward for export. It may be observed that large shipments of gold during the preceding weeks reduced stocks on hand to about 4 lacs tolas, a major portion whereof was despatched on the 27th January. Arrivals from upcountry were not very large although when the rate ruled round Rs. 32-11 they amounted to about 20/25,000 tolas. The daily off-take remained unchanged at 3,000 tolas. The discount on ready over one month forward declined to about 9 pies per tola as compared with about 2 annas a week ago.

Undertone firm.

Stocks reduced further.

On January 31, the proclamation by President Roosevelt fixing the price of gold at $35 per ounce caused feverish activity in the local market. The turnover on inter-bazar account as well as for export was voluminous. The price of ready which oscillated between Rs. 32-10 and Rs. 32-14-3 (on 31st January) shot up to Rs. 33-12 and after experiencing erratic fluctuations, advanced

Gold price raised in U. S. A.

again and finally closed at Rs. 34-6-3 on 2nd February. It may be observed that the price of gold during this week was the highest since Great Britain abandoned the gold standard in September 1931. The price in London correspondingly rose from 132*s*. 1*d*. to 139*s*. 6*d*. per fine ounce. Arrivals from up-country centres were higher and were estimated at about 25 to 30,000 tolas a day. Sovereign rate likewise improved to as high as Rs. 21-5-6 for ready. This was followed by hectic conditions and the price of ready gold rose from Rs. 34-6-3 to Rs. 34-12-0 and receding to Rs. 33-11-6 on the 7th February, closed higher at Rs. 34-1-6. The movements in this market were in consonance with the fluctuations in the New York-London cross-rate. There was large turnover both ways, but it was reported that on balance, banks bought heavily for export. Stocks on hand were reduced to some 3 lacs tolas owing to large shipments of the metal. The daily offtake was still some 3,000 tolas, whereas arrivals from up-country were about 25,000 tolas.

Erratic fluctuations in price.

Arrivals from up-country increase.

Large turnover in local market.

Upto the middle of February the gold market was steady and prices in the local market tended to remain in the neighbourhood of or above export parity. As in the preceding week, sale of large blocks had considerably reduced the accumulated stocks. Arrivals from up-country centres were during this period, estimated at about 40,000 tolas a day though these were used largely in liquidating outstanding contracts.

Stocks reduced.

During the closing weeks of February prices in the local market again fluctuated erratically though the trend was persistently higher. After opening at Rs. 33-10 (17th) ready rate receded to as low as Rs. 33-6 (20th), but subsequently improved to Rs. 34 (21st) and with a slight reaction to Rs. 33-11-6 closed at Rs. 34 on the last day. The local market closely followed the movements in the New York-London cross-rate. Price in the London market also declined from 137*s*. 5*d*. to 134*s*. 9*d*. but improved and closed at 137*s*. 10*d*. Arrivals from up-country were still fair-sized, being estimated at about 40,000 tolas a day.

Erratic fluctuations.

In the March perspective the gold market continued steady throughout and fluctuations in prices were narrow, the highest being Rs. 34-0-9 on the 6th and the lowest Rs. 33-10-9 on the 29th March. The commitments for March settlement were very large and the local rates ruled well above export parity, thereby rendering fresh business almost impossible. Fluctuations in the New York-London cross-rate were also of no consequence. Arrivals from up-country centres averaged some 30,000 tolas a day, though a major portion of them was utilized in liquidating outstanding contracts. Stocks on hand at the close of the month were estimated at some 4 lacs tolas and the daily offtake averaged 3,000 tolas.

Narrow fluctuations.

April saw erratic movements in the gold price during the opening week. Ready declined to as low as Rs. 33-3 on the 4th, but reacted and closed at Rs. 33-7 (6th). The weakness in mid-week was occasioned by a sharp though temporary rise in the New York-London cross-rate from \$5·11¼ to \$5·18¼. The

Prices weaken.

quotation in London eased off from 136*s.* 3*d.* to 134*s.* 3*d.* and closed at 134*s.* 8½*d.* However, the volume of business transacted was considerable both for near and forward deliveries. Arrivals from up-country centres had shrunk to about 20,000 tolas a day and stocks on hand were estimated at 4 lacs tolas. The daily offtake continued at 3,000 tolas.

Arrivals decrease.

During subsequent weeks the tone of the gold market remained steadier. The price of ready ranged between Rs. 33-4 (9th) and Rs. 33-8-3 (21st) following sympathetically the movements in the New York-London cross-rate. The amount of business transacted both for ready and forward delivery was fair-sized. In the closing week of April, however, rumours regarding further devaluation of the dollar in the United States coupled with covering by bear operators for the double option settlement due on the 26th idem had a firm influence on the market. Ready quotation improved from Rs. 33-6-3 to Rs. 33-10-6 and with a slight reaction closed at Rs. 33-9-0. The quotation in London ranged between 135*s.* 7*d.* and 135*s.* 11*d.* during this period. Fluctuations in the sovereign rates were minor, the highest rate for ready being Rs. 21-3-6 and lowest Rs. 21-0-9.

Market steadier.

In the first week of May, the price of ready advanced from Rs. 33-8-9 to Rs. 33-12-3 (2nd) following a decline in the New York-London rate from $ 5.15 to $ 5.10⅞. Fresh purchases by banks, particularly for spot delivery, were fairly large. Arrivals from up-country showed some improvement to about 25,000 tolas a day. Stocks on hand aggregated about 4 lacs tolas, though the daily offtake was unchanged at 3,000 tolas.

Prices advance.

The market continued steady to firm during the subsequent two weeks. There was a fair demand from exporters, particularly banks, both for ready and forward deliveries and the volume of business transacted was fair. The price of ready ranged between Rs. 33-10-3 and Rs. 33-13-6 with slight intermittent reactions. During the latter half of May, the trend of prices was higher following a sag in the New York-London cross-rate from $ 5.11¼ to $ 5.08⅝. The price of ready improved from Rs. 33-13-3 to Rs. 34-2-0 (24th) and receding to Rs. 33-15-3 on the 28th steadied and closed at Rs. 34-2-0. The quotation for gold in London also rose from 136*s.* 1*d.* to 136*s.* 9*d.* and reacting to 136*s.* 6*d.* closed at 137*s.* 0½*d.* The volume of business transacted both inter-bazar and by exporters was large. Arrivals from up-country continued at 15,000 tolas a day, while stocks on hand were unchanged at some 4 lacs tolas.

Firm conditions prevail.

During the opening week of June, the gold market continued firm with a fair amount of business transacted both for ready and forward deliveries. This was due to lower New York-London cross rate, which had declined to $5.03⅞ (5th) and to purchases by banks for exports. The local rate shot up to Rs. 34-7-6 on the 6th and the London quotation to 138*s.* This spurt was mainly caused by rumours to the effect that the American Mint price of gold might be raised by one dollar an ounce, which naturally led to bears covering sales in the local market. This was followed by firmness in the New York-London cross-rate to $ 5.07⅛ causing the local rate to decline to Rs. 34-2-0 on the 7th.

Large business transacted.

Prices advance.

During the remainder of June, fluctuations in the gold market were relatively narrow and the undertone continued steady. The price movements in the local market were more or less influenced by the fluctuations in the New York-London cross-rate. The price of ready ranged between Rs. 34-3-3 and Rs. 34-5-9 (26th) closing at Rs. 34-4-3 on the last day. A large amount of business was done for export both for near and forward deliveries. Arrivals from up-country were somewhat better at 20,000 tolas a day owing to the current settlement. Stocks on hand approximated some 4 lacs tolas. The daily offtake was still unchanged at some 3,000 tolas. Sovereign prices during June moved in sympathy with gold, the highest rate for ready being Rs. 21-10-3 and the lowest Rs. 21-7-9.

Narrow movements.

Large export business.

In the first week of July gold prices opened easy, ready dropping from Rs. 34-4-3 to Rs. 34-0-6 (4th) per tola, but later on improved to Rs. 34-3-9. Movements in the local market were in sympathy with the fluctuations in the dollar sterling cross-rate. Business both for ready and forward delivery was done to a moderate extent for export. The quotation in London showed a similar movement, the rate after declining from 137*s*. 10½*d*. to 137*s*. 5*d*. improved to 137*s*. 9*d*. In the subsequent week the market assumed a steady tone and the price of ready moved within narrow limits. A good deal of business was done by banks for export during this period and a fair amount of inter-bazar business was placed for forward delivery. Throughout the rest of July, prices in the gold market remained almost stationary moving between Rs. 34-5-3 (27th) and Rs. 34-4-0 (19th). In the last week of the month, exporters bought both for ready and forward deliveries, but bulk of the business was mainly in carry-overs that being the settlement week. Stocks on hand were some 3 lacs tolas, while arrivals were almost unchanged at 15,000 tolas. The daily offtake stood at some 3,000 tolas. In London the highest rate touched was 138*s*. 0½*d*. (30th) and the lowest 137*s*. 9½*d*. (21st).

Small movements in price.

Large turnover.

August saw higher prices for gold, ready after opening at Rs. 34-4-9 improved to Rs. 34-6-3 (2nd). Banks bought fair quantities for export, while a large amount of inter-bazar business was also transacted. The price of gold in London improved to 138*s*. 2*d*. During the two subsequent weeks, however, the market remained almost stationary with occasional improvements. Ready gold improved to Rs. 34-10 (10th) but declined gradually to Rs. 34-5 (15th). Strong rumours in foreign markets regarding further devaluation of the dollar by 10 per cent. and the premium on gold over gold currencies accounted for local activity. As prices were above parity, very little business was transacted for export purposes. Stocks on hand had increased to some 4 lacs tolas during this period, though arrivals from up-country were almost unchanged at some 12,000 tolas a day. During the third week erratic fluctuations in the price of gold characterised the market. The immediate factor which caused a sharp fall from Rs. 34-6 to Rs. 34-3-9 (21st) was the report in the *Times of India* that the Government of India and the Secretary of State had been in correspondence with regard to the possible levy of an export duty on gold. On the 22nd, however, in the absence of any confirmatory news on the subject, the market displayed

Prices move upward.

Prices rule above export parity.

Rumours of export duty on gold.

indifference and the tone became distinctly steady. Government, however, issued an official communique the following day making it clear that no such duty on gold from India was under contemplation at the time. This banished all doubts and confidence was restored both in sterling exchange and in gold markets. Further, the weakness in the Paris-London cross-rate as well as an improvement in the price of gold in London from 138*s*. 1½*d*. to 138*s*. 7½*d*. per ounce contributed to the steadiness in the local market and ready gold advanced to Rs. 34-9-3 (23rd). Arrivals from up-country amounted to Rs. 15 to 20 thousand tolas a day, augmenting stocks to over 4 lacs tolas. It is significant to note that in the preceding week, there was no shipment of gold from India, the first time since Britain went off the gold standard. In the last week of August the gold market was firm and, despite the large stocks on hand and the current settlement, the price of ready steadily improved to as high as Rs. 35-4-6 (31st). The quotation in London advanced to as high as 140*s*. 3*d*. on the 30th. This spurt in the gold rate was due to a decline in the New York-London and Paris-London cross-rates which declined from $ 5.09⅛ to $ 4.99⅛ and from 76.12 to 74.53 francs, rather than to any large scale buying on foreign account in the local market. Rumours from abroad regarding the depreciation of the pound sterling to 70 gold francs and a further devaluation of the dollar brought about heavy bear covering in the local market. Though arrivals from up-country were undiminished at some 15 to 20 thousand tolas, stocks on hand were augmented to some 7 lacs tolas in absence of shipments.

Rumours denied.

No gold shipment.

Spurt in gold rates.

In the first week of September, the market opened firm but eased off towards the close on firmer New York-London cross rate. There was a fair amount of profit taking in the local market at the higher level, but there was little enquiry from abroad for export as the price here ruled about two annas above the export parity. Ready rate declined from Rs. 35-4-6 to Rs. 34-14 but improved and closed at Rs. 35-1. The price of gold in London advanced further to 141*s*. 7*d*. (3rd) but declined to 140*s*. 6½*d*. (5th). During the subsequent two weeks prices were somewhat easier and ranged between Rs. 35-0-9 and Rs. 34-13-3. However they were still above export parity and consequently exporters showed little interest, although a fair amount of inter-bazar business was done both for near and forward delivery. Arrivals from up-country continued unchanged at some 15,000 tolas and the stocks approximated some 9 lacs tolas. During the closing week of September the gold market was firm and the trend of prices was upward. Ready opened at Rs. 34-15-9 (21st) and improved with intermittent reactions to Rs. 35-3-9 (27th) and closed at Rs. 35-1-3 (29th). Business transacted was mostly inter-bazar and enquiries in connection with export were scarce. Stocks had by now swollen to about 12 lacs tolas and it was felt that the local rates should soon decline to export parity. London gold price had during this period improved to 141*s*. 4½*d*. (27th) but again dropped to 141*s*. 0½*d*. (28th) and closed thereat.

Market firm.

Rates still above parity.

Stocks swell.

The steady tone which characterised the close of September continued during October and the price of ready gold advanced further, ready touching Rs. 35-10 on the 9th October, in sympathy with movements in the London-Paris and London-New York cross-rates. Following the assassination of the King of Yugoslavia in Marseilles on the 8th, sterling appreciated sharply against gold currencies and the quotation in the local market dropped to Rs. 35-3 on the 9th. This, however, was temporary and the price advanced to Rs. 35-9-3 again almost immediately. Large business was transacted in the local market and for the first time for several weeks, a fair amount of gold was bought by banks for export. Stocks, however, had been increasing and were estimated at some 16 to 17 lacs tolas. At the higher level, a reaction set in during the next fortnight and the price of gold in London dropped from the high level of 143*s.* 3*d.* (11th) to 139*s.* 6*d.* (25th) and the quotation in the local market from Rs. 35-9-6 (11th) to Rs. 34-8-0 on the 25th. At the lower levels banks bought large quantities for export with the result that prices reacted slightly to Rs. 34-14-3 (29th) per tola. Stocks at this stage had accumulated to 20 lacs tolas, but with the heavy purchases that had been effected and when these were shipped, it was expected that the market would be relieved of a great load. In the last week of October and throughout November, fluctuations in the gold market were narrow in consonance with the movements in the London-Paris and London-New York cross-rates. The rates in the local market ranged between Rs. 34-12-6 and Rs. 34-6-9 (8th November). The quotations generally remained on export parity and large business was done every week. Stocks which stood at about 20 lacs tolas at the beginning of the month were now reduced to about 5 to 6 lacs tolas. Arrivals from up-country were also getting smaller, being about 15,000 tolas a day. The dollar-sterling cross-rate moved between \$ 5.00⅞ and \$ 4.97⅞, and the franc between 76.12 and 75.50, closing at \$ 4.98½ and 75.53 respectively.

Steady tone continues.

Banks buy gold after long lapse.

Stocks very large.

Narrow fluctuations.

In the first week of December, sterling developed a weaker tendency with the result that the price of gold advanced in London from 139*s.* 4*d.* (27th November) to 140*s.* 11*d.* (5th December) per ounce and the quotation in the local market touched Rs. 35-0-3 the same day. The higher rate attracted larger arrivals from up-country, which increased and averaged some 25,000 tolas a day. The local quotation for the metal ruled on most days above export parity, making fresh business impracticable. Stocks on hand aggregated some 6 lacs tolas. During the remaining period of the month prices were maintained with slightly upward tendency, but still inclined to remain above export parity. The volume of business transacted was only moderate. Shipments during this month were very large, being in fulfilment of outstanding contracts that had been made some months previously. The quotation in London moved within narrow limits closing at 141*s.*

Sterling weak.

Stocks reduced.

Large shipments.

The total shipment of gold from India during 1934 amounted to 6,685,900 ounces valued at Rs. 60·51 crores and since 1931 27·451 million ounces valued at Rs. 213·32 crores.

SILVER.

January	1st week	Market opened steady, March settlement commanding a premium of Rs. 3 over ready.
,,	last week	Weakness in silver rates; turnover restricted.
February	1st week	Price of ready still below that for forward delivery.
,,	2nd week	Temporary spurt in prices, owing to advices from New York.
March	1st week	Erratic price fluctuations with downward trend, hesitant tone owing to reports about rehabilitation of silver in the U. S. A.
,,	last week	Market easy.
April	1st week	Market somewhat steady, large business done for near and forward deliveries.
,,	middle	Rates easier, mainly due to discouraging reports from America.
May		Tone became steady.
,,	2nd week	Higher trend of prices influenced by favourable reports from the U. S. A. regarding nationalisation of silver.
,,	3rd week	Market firm despite wide fluctuations. Importation of silver free of duty from certain land frontiers prohibited by Government.
June		Upward tendency in rates owing to silver legislation in the U. S. A. and large purchases by the American treasury.
,,	last week	Persistent rise in prices.
July	1st week	Prices sagged owing to weaker advices from outside markets.
,,	last week	Market dull.
August	1st week	Bullish tendency in the market owing to advices regarding large purchases of silver by American banks.
,,	2nd week	Announcement in regard to nationalisation of silver in the U. S. A.: erratic fluctuations.
,,	last week	Market regained steadiness.
September	2nd week	Disquieting reports from U. S. A. but undertone remained bullish, business mainly inter-bazar.
,,	last week	Prices firmed up.
October	1st week	Sharp advances in silver quotation.
November	1st week	Market inactive.
,,	2nd week	Silver price jumped owing to report of success of the Democratic party in the U. S. A. Congress.
,,	last week	Market steady, heavy stocks on hand.
December	1st week	Pre-budget rumours regarding import duty; market nervous owing to heavy stocks.
,,	3rd week	Sharp decline in prices, American purchases later arresting this tendency.
,,	last week	Market steadier though fluctuations were wide. Stocks top heavy estimated at about 20,000 bars.

SILVER.

The Silver market opened steady and the rate for ready rose from Rs. 53-14 to Rs. 54-11 on the January 3, but subsequently eased off to Rs. 54-3 per 100 tolas. A feature of the month was that the price of silver for March settlement was about Rs. 3 per 100 tolas higher than the quotation for ready. Presumably this was due to the usual pre-budget rumours. Silver rates remained steady for the first two weeks but later weakness developed following advices from outside markets. The quotation for ready advanced to as high as Rs. 55-9 (16th), but suffered a sudden fall of a rupee per 100 tolas the next day. After a temporary reaction to Rs. 55-7 on the 20th the rate persistently declined to Rs. 53-15 on the 27th but again improved and closed at Rs. 54-5. The turnover in the local market was restricted despite the comparatively wide fluctuations. The daily offtake was no more than 30 to 40 bars during the early part but towards the end it improved to about 50 to 60 bars a day. Stocks of silver towards the close were approximately 8,000 bars. The price of silver in London showed almost no change, spot silver ranging between $19\frac{5}{16}d.$ and $19\frac{1}{16}d.$ During the latter half the rate improved to $19\frac{3}{4}d.$ on the 19th and after easing off to $19\frac{1}{4}d.$ reacted and closed at $19\frac{1}{2}d.$ In Shanghai the dollar steadily rose from $1s.\ 3\frac{15}{16}d.$ at the opening to $1s.\ 4\frac{7}{16}d.$ on the 20th, but declining to $1s.\ 3\frac{15}{16}d.$ on the 26th improved and closed at $1s.\ 4\frac{1}{4}d.$

Market opens steady.

Pre-budget rumours affect prices.

Turnover restricted and wide fluctuations.

In the opening week of February prices remained steady but trading was still restricted owing to the animated activity in the gold market. It is significant to note that the price of ready which stood in the neighbourhood of Rs. 54-4 was still about Rs. 3-4 under that for March settlement. This was due entirely to rumours and apprehensions regarding a change in the import duty on silver in the forthcoming Budget. Subsequently the price of ready jumped up from Rs. 54-12 on the 3rd to Rs. 56-2 on the 5th following a rise in the London quotation from $19\frac{1}{4}d.$ to $19\frac{15}{16}d.$ and a similar improvement in the Shanghai Dollar from $1s.\ 4d.$ to $1s.\ 4\frac{7}{16}d.$ This was followed by a reaction and ready silver declined to Rs. 55-10 on the 10th. The difference between the price for ready and that for March settlement became narrow to about Rs. 2-8 per 100 tolas during the second week. A fair amount of business was put through in the forward market and the daily offtake including that for the settlement was about 75 bars. Stocks were reduced to about 7,000 bars.

Prices maintained.

Prices advance.

Difference between ready and forward narrows.

In mid-month the market became animated following advices from New York which indicated a higher price for the metal in the near future. Furthermore there was the usual pre-budget speculative activity, as a result of which the difference between ready and one month forward again widened to as much as Rs. 4 to Rs. 4-8 per 100 tolas. The quotation for ready advanced from Rs. 55-10 to Rs. 56-5 (16th) and to Rs. 57-4 the subsequent day. London spot silver also rose to $20\frac{5}{16}d.$ and the Shanghai dollar to $1s.4\frac{3}{4}d.$ Towards the close of the month,

Market animated.

Gap widens.

the price of ready silver declined from Rs. 57-4 to Rs. 56-2 (24th). The market again showed interest in the proposal in the forthcoming Budget for a change in the import duty on silver. Both prior and subsequent to the presentation of the Budget on the 27th February the silver market remained very active. The rates suffered a sharp decline mainly owing to profit-taking. However the announcement in the Budget that the import duty on the metal was reduced from 7½ to 5 annas per ounce, as well as firm advices from London and New York operated as a counteracting influence and caused a spurt in rates. The price of ready improved to Rs. 56-4 but closed at Rs. 55-3. The volume of business was large, mostly for forward, while the daily offtake towards the end averaged some 35 bars and stocks were estimated at about 9,000 bars. During the latter half of February spot silver in London rose to 20$\frac{5}{8}$*d.* on the 23rd but declined to 20$\frac{3}{16}$*d.* (27th) and closed at 20$\frac{11}{16}$*d.* The Shanghai dollar similarly improving to 1*s.* 4$\frac{5}{8}$*d.* closed at 1*s.* 4$\frac{1}{2}$*d.*

Market active.

Rates advance.

March saw erratic fluctuations, the price on the whole being easier owing to absence of speculative activity. Advices from London and Shanghai indicated lower rates. The former after opening at 20$\frac{9}{16}$*d.* declined to 20$\frac{1}{4}$*d.* on the 9th March but advancing to 20$\frac{3}{4}$*d.* on the 12th eased off to 19$\frac{7}{8}$*d.* on the 22nd and after slight variations closed at 20*d.* The Shanghai dollar on the other hand showed a gradual downward movement from 1*s.* 4$\frac{9}{16}$*d.* to 1*s.* 4$\frac{1}{8}$*d.* at the end. The tone of the market was hesitant pending the decision on the part of the U. S. A. in regard to the rehabilitation of silver. In the local market ready which was Rs. 5-13-9 under that for April opened at Rs. 55-10 and after improving to Rs. 56-6 reacted to the opening level of Rs. 55-8 on the 7th, but closed at Rs. 55-15 on the 9th. The daily offtake was somewhat better on account of the settlement. The most noteworthy factor influencing the price of silver from now on over the subsequent months was the attitude of the U. S. A. Government towards the rehabilitation of silver. During the next two weeks of March the trend of prices was lower on weaker advices both from New York and London. The price of ready declined to Rs. 55-12 (10th) but suddenly rose to Rs. 57-5 (12th). It gradually declined later to Rs. 55-1 (22nd). The volume of business in the local market was limited, the daily offtake being no more than 50 bars. During the remainder of the month business was dull owing to the intervention of holidays. The market was easier, ready declining to as low as Rs. 54-15 (28th), in the absence of encouraging reports from the United States.

Erratic fluctuations.

Tone hesitant.

United States and Silver Policy.

Prices decline.

Business restricted

During April the silver market remained steady, being mainly influenced by advices from London and New York. Fairly large business was done both for near and forward deliveries in the first week, though mainly in carry-overs. The local market moved more or less in sympathy with the fluctuations in the Shanghai-London cross-rate, which moved between 1*s.* 4$\frac{3}{16}$*d.* and 1*s.* 4$\frac{1}{4}$*d.* The local quotation moved between Rs. 55-4 and Rs. 54-15. In mid-April the market manifested an easier tendency as a result of the report that the United States Government were not inclined to pass silver legislation during the current session

Market steady.

Easier tendency sets in.

of the Congress. This unnerved the bull operators in the principal markets and accounted for the lower levels in the local market. The price of ready declined from Rs. 55-9 (11th) to Rs. 54-10 (19th). There was a further drop in the price of silver in the principal world markets on heavy unloading by American operators both in New York and London, where the quotations fell from 46¾ cents per ounce to 43 cents, and from 20¼*d.* to 18¾*d.* per st. ounce respectively. The Shanghai dollar also dropped from 1*s.* 4 3/16*d.* to 1*s.* 3 3/16*d.* In the local market ready silver fell to as low as Rs. 51-13 on the last day of the month. It then became known that President Roosevelt was opposed to mandatory legislation in regard to silver and the majority of the Congress supported his view. This frightened both speculators and holders in silver. The local market was influenced and the price dropped substantially to Rs. 51.13. The turnover was moderate and mainly inter-bazar. The daily offtake was unchanged at about 55 bars, while stocks on hand were estimated at about 10,000 bars.

Heavy unloading by American operators.

Prices drop.

In the May perspective the tone of the silver market became steadier following advices from the other principal markets. The future depended entirely upon the attitude of the American speculators and the monetary policy of President Roosevelt. The price of ready after dropping from Rs. 51-13 to Rs. 50-7 on the 1st of May reacted to Rs. 52-7 (4th). Despite wide movements fresh speculative turnover in the local market was relatively small being largely in the nature of carryovers for the May settlement. The daily offtake improved to about 125 bars including that for the settlement. Stocks on hand were estimated at about 9,000 bars. During the subsequent week the trend of silver prices was higher and movements were largely guided by uncertain, but on the whole favourable reports from the U. S. A. in connection with the nationalisation of silver and the reported agreement between the President and the silver bloc. The final result and the official announcement of the agreement were awaited with keen interest by all the markets. Ready silver after opening at Rs. 52-1 advanced to as high as Rs. 53-12 (9th) but reacted to Rs. 52-5 (14th). At this time the report that President Roosevelt had agreed to the introduction of silver legislation during the then current session of the Congress infused strength in the market. The price of ready improved sharply to Rs. 54 (19th). The turnover in the local market was active, the daily offtake improving to the average of some 135 bars. The stocks were, however, almost unchanged at about 9,000 bars, probably owing to fresh arrivals from upcountry centres, particularly Persia. The quotation in London for spot silver which stood at 18 3/16*d.* on the opening of the month advanced to as high as 19 13/16*d.* on the 9th, but eased off to to 19⅜*d.* The market continued firm though fluctuations in the price of silver were still erratic. The two immediate influences which strengthened the local price considerably were first the notification issued by the Government of India on the 19th prohibiting the importation of silver into British India free of duty by land from the Las Bela and Kalat States (Baluchistan), and secondly the announcement on 22nd May of the

Market dependent upon American Government's action in Silver.

Favourable reports from America cause advance in price.

Prices advance.

Importation through Land Frontiers prohibited and Silver Bill introduced in U. S. A. Congress.

introduction of the silver purchase bill in the U. S. Congress, which proposed for the ratio of 25 per cent. silver to 75 per cent. gold in the monetary stocks. The price of ready in the local market improved to Rs. 54-4, but eased off to Rs. 53-13 following advices from Shanghai. Towards the close the undertone of the market continued firm and a fair amount of business was placed both for near and forward deliveries. It was generally felt that the local price of silver would soon reach import parity. At the end ready rose to Rs. 54-6.

Higher trend in prices.

Throughout June the trend of prices was higher following advices from the U. S. A., London and also Shanghai. Ready opened at Rs. 54-5 and after advancing to Rs. 55-7 (6th) reacted to Rs. 54-13 (12th). The Silver Purchase Act was passed in the House of Representatives on June 20 and it was reported that the U. S. Treasury imported about 5 million ounces of silver from London.

Silver still smuggled.

These reports as well as firmer advices from Shanghai strengthened the local market. The only disturbing factor was the importation of smuggled silver into British India despite the prohibitory measures taken by Government. Until the end of the month the trend of silver prices in the local market continued upward. The price of ready rose persistently to as high as Rs. 58-7 (30th). The volume of business was fair-sized and the daily offtake was only some 40 bars.

Prices tend upward.

Stocks on hand were estimated at some 10,000 bars. In London spot silver similarly advanced to as high as $21\frac{1}{8}d.$ (29th) and in Shanghai the dollar went up from 1*s.* $3\frac{3}{8}d.$ to 1*s.* $4\frac{5}{16}d.$ at the end.

Prices react.

The sharp rise witnessed on the last day of June proved temporary and prices gave way during the first week of July, ready declining from Rs. 58-7 to Rs. 57-12 (3rd). This easiness was mainly due to weaker advices both from London and Shanghai as well as to profit taking by bulls in the local market. Stocks on hand approximated some 9,500 bars and the daily offtake, even during the settlement week, averaged only 35 bars. In Shanghai the dollar stood steady at about 1*s.* $4\frac{1}{4}d.$ closing at 1*s.* $4\frac{3}{8}d.$ and the price in London eased from $21\frac{1}{8}d.$ to $20\frac{11}{16}d.$ (4th). During the subsequent fortnight the

Restricted turnover.

tone of the silver market remained steady but the price of ready was somewhat easier, ready declining from Rs. 57-14 to Rs. 56-12 (21st). The volume of business transacted was small and the daily offtake dwindled to about 25 bars. It is worth mentioning in this connection that on or about 15th July, it was rumoured that the Government of India had sold 100 million ounces of silver to the United States Government at 49 cents per ounce. However prompt and timely contradiction of this report by Government prevented disturbance in the silver markets. The quotation for spot silver in London declined to $20\frac{5}{16}d.$ (21st), but the Shanghai dollar did not respond equally and was quoted at 1*s.* $4\frac{1}{8}d.$ During the last week, the silver price after maintaining a steady

Prices Sag.

level at the opening sagged further to Rs. 56-9 (30th) but again reacted and closed at Rs. 57-0 (31st). In London spot silver further went down to $20\frac{1}{16}d.$ (27th) and closed at $20\frac{5}{16}d.$ and the Shanghai dollar finished at 1*s.* $4\frac{1}{8}d.$ The tone of the market was dull and inactive as it was felt that unless the U. S. A. Government took steps to improve the price of the metal, no improvement of any consequence could be anticipated.

In the first week of August, the report that American banks were buying silver in London even at a higher price after fixing, encouraged local operators and the tone of the market became bullish. The price of ready shot up to Rs. 58-1 (2nd). In Shanghai the dollar improved to 1*s.* 4$\frac{5}{16}$*d.* and the London spot price to 20$\frac{9}{16}$*d.* The market continued to have a firm tone thereafter. On the 9th August President Roosevelt announced that silver would be nationalised in the U. S. A. and this news immediately produced a bullish feeling in the market with the result that silver further shot up to as high as Rs. 60 on that date. Shanghai, however, gave only a moderate response which caused a reaction in the local rate to Rs. 59-9 the next day. In the following week the market witnessed erratic fluctuations, the immediate factor in this connection being the lack of response from Shanghai, though advices from the U. S. A. and from London were distinctly bullish. Subsequently, however, the tone in the Shanghai market improved and as a consequence the rates in the local market rallied. The price of ready which had declined to as low as Rs. 59-7 (14th) improved to Rs. 60-4 (16th). It reacted to Rs. 59-12 and again rose to Rs. 60-1 on the 18th. Stocks on hand at this time continued heavy, aggregating some 10,000 bars, while the daily off-take was still only 15 to 20 bars. Business transacted was fair-sized, but mostly inter-bazar. During the closing week of August, the silver market was steady but dull as the attention was mainly centered on gold. Reports from London that all sales by China were readily absorbed by purchases on American account also contributed to this feeling. The quotation in the local market was about 6 annas below the import parity as compared with London. China continued as a seller in the London market throughout the week and it was felt that but for these sales silver prices would have advanced still higher. The Shanghai dollar was steady at around 1*s.* 4$\frac{11}{16}$*d.* but on the last day improved to 1*s.* 5$\frac{1}{16}$*d.* and the local quotation rose to Rs. 60-9. In London the spot price also advanced to 21$\frac{7}{8}$*d.*

Sentiment improves.

Silver nationalised in U. S. A. and Prices advance.

Large turnover.

Rates close to Parity.

China a Seller of Silver.

In the September perspective the silver market opened steady, but prices reacted on profit taking and easier advices from Shanghai. Ready opened at Rs. 60-8 but receded to Rs. 60-2 on the 5th ; but the next day following firmer advices from Shanghai, where the dollar improved from 1*s.* 5*d.* to 1*s.* 5$\frac{1}{8}$*d.* the local rate rose to Rs. 60-9. In the subsequent week, the disquieting news from abroad with regard to the future attitude of the U. S. A. Government coupled with the uncertainty about the dollar sterling quotation influenced the local market, but the undertone still remained bullish. Ready silver moved within very narrow limits, between Rs. 60-8 and Rs. 60-4. During the third week of the month under review, the market however became dull and the volume of business was small and mostly inter-bazar. The Shanghai dollar declined from 1*s.* 5$\frac{1}{8}$*d.* (5th) to 1*s.* 4$\frac{15}{16}$*d.* (12th) but again rose to 1*s.* 5$\frac{3}{16}$*d.* (21st). In London spot silver was quoted at 21$\frac{7}{8}$*d.* on the 21st. In the last week, the price of ready again firmed up to as high as Rs. 61-13 (28th) on encouraging advices both from London and

Narrow movements.

Prices firm.

Shanghai, the quotation in the former advancing to 22 7/16 d. and in the latter to 1s. 5 11/16 d. Heavy selling by China, which influenced the silver markets in the preceding weeks, had ceased and sales from that quarter were relatively small. A fair amount of business was placed in the local market, mostly for forward deliveries. Stocks on hand approximated some 9,500 bars and the daily offtake continued small at 15 to 20 bars.

Increased turnover

The upward trend which was manifest in the last week of September gained further force in October with a sharp advance in quotations. The price for ready reached Rs. 66-2 (11th), at which level there was a natural reaction to Rs. 65-6. In the third week, prices again shot up, ready touching the record high level of Rs. 68 (16th). At this juncture, however, the market assumed an erratic tone and there was a tendency on the part of holders to take profit. Furthermore an extra duty on export of silver was levied in China, which caused disorganisation in the Shanghai market, with the result that the dollar fell from 1s. 6 1/8 d. to 1s. 3 11/16 d. on the 8th but recovered immediately to 1s. 4 5/16 d. As a consequence the price in London dropped by nearly a pence per ounce from 24 7/8 d to 23 7/8 d. There was a sharp set-back in the local market, ready dropping from Rs. 68 to Rs. 65-6 on the 18th and further to Rs. 64-14 on the 20th. Movements now became restricted in all the markets as speculators exercised greater caution and the tendency became uncertain depending upon the attitude of the American Government with regard to silver in the near future. The volume of turnover shrank considerably in the local market, the daily offtake averaging some 35 to 40 bars. The quotation towards the close of the month ranged between Rs. 65-8 and Rs. 64-1. The higher prices prevalent during the month attracted larger arrivals to Bombay from upcountry augmenting stocks to about 13,000 bars by the end of October.

Sharp advance in rates.

Duty levied on Silver in China.

Speculators exercise caution.

Early in November, the silver market continued fairly stable but comparatively inactive and the fluctuations were within very narrow limits between Rs. 65 and Rs. 64-3. In the second week, however, following the news of the success of the Democratic Party in the U. S. A. Congressional elections, large speculative purchases were made in the local market, which pushed up the rate for ready to the record high level of Rs. 68-2 on the 13th. At the higher level the market reacted on profit taking and through the apathy of the Chinese speculators, who were inclined to be large sellers at the high rates, which naturally checked a further rise in the price of the metal. However, support was given by the American Treasury in the London market and the outlook became distinctly steady once again. Thereafter throughout November the market maintained a healthy tone. The turnover was large and speculative and the quotations ranged between Rs. 66-11 (17th) and Rs. 67-7 (27th). Arrivals from upcountry were increasing day by day and stocks at the end of the month aggregated some 16,000 bars, while the daily offtake remained practically unchanged at about 10 to 15 bars.

Market fairly stable.

Prices advance following Congressional elections in U. S. A.

Healthy tone prevails.

Early in December the usual pre-budget rumours with regard to the import duty on silver were started and in view of heavy stocks that had accumulated in the market, a nervous feeling prevailed and unloading by tired holders together with large bear sales caused the rates to sag. In fact the market became panicky in the third week and there was a sharp decline in quotations, ready dropping to Rs. 63-8 on the 18th. At the lower levels, however, the American Treasury supported the market in London by fresh purchases, which tended to advance prices gradually. The Shanghai quotations were better, although they were no true indications regarding the attitude of the Chinese speculators towards silver. The quotation for spot in London which moved between $24\frac{5}{8}d.$ and $24\frac{1}{4}d.$ fell sharply to $23\frac{15}{16}d.$ on the 18th but recovering to $24\frac{3}{16}d.$ fell again to $23\frac{7}{8}d.$ on the 22nd. The Shanghai dollar ranged between 1*s.* $4\frac{1}{4}d.$ and 1/$4\frac{15}{16}d.$ during the first half of the month, but declined to 1*s.* $4\frac{3}{8}d.$ on the 22nd. In the last week the market became somewhat steadier on encouraging advices from London and Shanghai, the quotation for spot in the former improving to $24\frac{7}{16}d.$ and in the latter to 1*s.* $4\frac{7}{8}d.$ In the local market fluctuations were erratic. Ready after improving from Rs. 63-8 to Rs. 65-7 declined to Rs. 64-3 on the 22nd and again improved to Rs. 66-0 and closed slightly easier at Rs. 65-14. Stocks in the meantime had increased to the high figure of 20,000 bars, while the daily off-take was just unchanged at some 10 bars.

Usual Pre-Budget rumours cause sharp decline in rates.

Market steadier.

The total exports of silver bullion during the year amounted to 41,465,121 ozs. valued at Rs. 5.29 crores, of which 35,007,877 ounces valued at Rs. 4.53 crores were for account of Government.

SHARES.

January	1st week	Market was buoyant with brisk activity in miscellaneous section.
,,	last week	Tone quieter caused by profit taking by bull operators.
February	1st week	Steady undertone, turnover mainly in carryovers.
,,	middle..	Miscellaneous section attracted attention.
,,	last week	Business restricted owing to pre-budget hesitancy.
March	.. ..	Market continued steady.
April	1st week	Firm and buoyant tone particularly in miscellaneous section.
,,	last week	Cotton mill section dull owing to General Strike in the City.
May	1st week	Undertone quiet, mill section easy owing to decline in price of cotton and continuance of strike.
June	1st week	General recovery in prices, large enquiry in miscellaneous section.
,,	last week	Sharp set-back in steel shares, affecting other sections; publication of the Tariff Board report steadied the market; prices advanced.
July	1st week	Market awaiting legislation regarding steel industry.
,,	25th	Bill introduced in the Legislature ; prices of steel shares dropped, other sections quiet in sympathy.
,,	last week	Market dull.
August	.. ..	Narrow fluctuations.
,,	last week	Market active and firm tone in mill and miscellaneous sections.
September	.. .. ..	Stock Exchange remained very active with considerable turnover in all issues.
October	1st week	Buoyant tone; prices reaching record levels.
,,	last week	Sharp setback, heavy liquidation, tendency to quick profit taking.
November	1st week	Owing to violent fluctuations and heavy turnover, settlement period extended for 3 days.
,,	3rd week	Revival of confidence ; orgy of speculative buying in steel shares.
December	.. ..	Tone buoyant, steels soared high, prices ruled firm in other sections.

SHARES.

Market opens buoyant.

The New Year witnessed a buoyant tone on the Stock Exchange and prices in almost all sections advanced. Cotton mill shares particularly became steady following an improvement in the price of raw cotton as a result of the signing of the Indo-Japanese trade agreement. Bombay Dyeings rose to Rs. 765, Century to Rs. 197-8, Kohinoors to Rs. 132-8 and Swadeshi to Rs. 170.

Brisk trading in miscellaneous group.

The miscellaneous section manifested brisk activity during the subsequent weeks, steel shares being in good demand. Tata Iron and Steel Ordys. improved to Rs. 53-8 and Defd. shares to Rs. 210. During the rest of the month, the tone of the market was somewhat quieter and quotations declined in almost all shares. This tendency was chiefly due to profit taking on the part of bull operators as well as to the depressed feeling evoked by the serious earthquake disaster in Upper India. Business transacted was fair-sized. At the end Bombay Dyeings were quoted at Rs. 755, Centurys at Rs. 185-10 and Kohinoors at Rs. 123-12. In the miscellaneous section steels were also quiet, Ordys. closing at Rs. 51-8 and Defds. at Rs. 197-8. Tata Power shares which were quoted at Rs. 937-8 on the 5th gradually declined to Rs. 897-8 on the 22nd but improved and closed at Rs. 918-12. Cement shares were steady throughout the month.

Prices steady.

In the opening week of February prices remained steady on the whole, but the turnover was small and confined largely to interbazar carry-over operations owing to the current settlement. Cotton mill shares showed slight improvement over the last close probably as a consequence of a rise in the price of raw cotton. About the middle of the month the market on reopening after the holidays for squaring up the accounts of the settlement, presented a healthy tone, particularly in the miscellaneous section. Cements and public utility shares attracted most attention. In the next week the share market was firm and the volume of business, particularly in the miscellaneous section, was large, cements and steel shares being in the forefront. Tata Iron and Steel Ordys. improved to Rs. 53-14. Bundi Cements advanced to Rs. 29-8. Bombay Trams rose to Rs. 140-15 and Bombay Burmahs to Rs. 422-8. Cotton mill shares on the other hand were slightly easier. During the last week business on the stock exchange was restricted pending the announcement of the Budget proposals. Mill shares were somewhat easier, Bombay Dyeing closing at Rs. 752-8 after touching Rs. 760 in the first week. Centurys on the other hand improved at the close to Rs. 206-4. In the miscellaneous section also prices receded somewhat at the close. Tata Steels (Ordys.) finished at Rs. 52-10 and Defds. at Rs. 197-8. Indian Cement shares continued steady closing at Rs. 318-12. Bombay Trams were steady at about Rs. 140. Railway shares were firmer, Ahmedabad Prantij improving from Rs. 782-8 to Rs. 800 and Tapti Valleys from Rs. 727-8 to Rs. 742-8.

Cement and public utilities steady.

Steady tone prevails in all sections.

In the March perspective prices were maintained throughout with a steady undertone both in the cotton mill section and the miscellaneous group. The outstanding feature of the period was the substantial advance in the price of electricity shares. Tata Power shares after opening at Rs. 946-4 advanced to

as high as Rs. 1,013-12 (17th) but reacted and closed at Rs. 993-12. Tata Hydros improved from Rs. 145-10 to Rs. 147-8 and Andhra Valleys rose from Rs. 1,376-4 to Rs. 1,420 but closed at Rs. 1,380xd. Bombay Trams gained from Rs. 141-4 to Rs. 144-6. Cement shares also followed suit, Indian Cements further rising to Rs. 380 at the close.

Market buoyant and tendency rising.

A firm and buoyant tone was manifest on the Stock Exchange early in April, particularly in the miscellaneous section. Cotton mill shares also advanced to some extent. Bombay Dyeings opened at Rs. 753-12 and went into ex-dividend at Rs. 722-8. Centurys improved to Rs. 227-8 and Kohinoors to Rs. 130. Tata Steel Ordys. touched Rs. 57-6 and Defds. Rs. 210. Tata Power shares after a slight recession to Rs. 998-12 rose to Rs. 1,021-4. Bundi Cements improved to Rs. 29 and Bombay Burmahs from Rs. 435-10 to Rs. 453-12. During the mid-month, prices sagged on profit taking and cotton mills were easier. Bombay Dyeings eased off to Rs. 705 (19th) and Centurys to Rs. 221-4. In the miscellaneous section prices were maintained and in some cases gained substantially. Bombay Burmahs advanced to as high as Rs. 464-6 (17th). Steel shares further shot up, Ordys. touching Rs. 67-12 (23rd) and Defds. Rs. 240. Electric shares were also firmer, Tata Powers gaining from Rs. 1,021-4 to Rs. 1,061-4 (14th) but receding to Rs. 1,030 (21st). Tata Hydros were maintained around Rs. 140. During the remainder of the month, the market became steady despite some erratic price fluctuations in certain groups. The cotton mill section was dull probably being influenced by the general labour strike in the mills. The miscellaneous section also showed losses in almost all issues except Steels. Bombay Dyeings further declined to Rs. 672-8 at the close and Centurys to Rs. 209-6. Bombay Burmahs closed at Rs. 445. Cement shares were dull, Bundis closing at Rs. 28-6 and Indian Cements at Rs. 381-4xd. Scindia steams improved from Rs. 9-5 to Rs. 11-3 mid-month but closed at Rs. 9-12. Tata Steel Ordys. showed little change, closing at Rs. 65-12 and Defds. at Rs. 231-4. Tata Power share moved between Rs. 1,045 and Rs. 1,032-8 and Andhra Valleys between Rs. 1,375 and Rs. 1,342-8.

Steel shares shoot up.

Labour strike in cotton mills.

Market quiet owing to strike.

In the opening week of May a quiet undertone prevailed particularly in the cotton mill section in sympathy with a decline in the price of raw cotton, which dropped from about Rs. 190 to Rs. 180 per candy. The continuance of the textile strike in the City which began in the preceding week was also responsible for this situation. The market regained strength, however, as the week progressed and most of the losses were recovered, especially in the miscellaneous section. During the subsequent weeks again a quiet tone developed gradually in the cotton mill section mainly due to the continuance of the strike and most of the shares dealt in for forward delivery registered declines. Activity in the miscellaneous section was also subdued, trading being mainly inter-bazar. Prices in most shares showed losses. Bombay Dyeings declined to as low as Rs. 663-12 at the opening, but recovering to Rs. 698-12 (7th), again eased off to Rs. 679-6 (16th). Centurys opened at Rs. 205 and advancing to Rs. 219-6 (7th) receded to Rs. 210-10. In the industrial section, steels moved between Rs. 67 and Rs. 64-8 and Defds. between Rs. 232-8 and Rs. 223-12. Tata Power shares opened at Rs. 1,015-10 and advancing

Prices decline.

to Rs. 1,076-4 (15th) reacted to Rs. 1,041-4 (18th). Among cement shares Indian Cements opened at Rs. 369-6 and went up to Rs. 396-14 (5th) but gradually eased off to Rs. 376-4 on the 18th. Bombay Burmahs improved from Rs. 440 to Rs. 459-6 (5th) but declined to Rs. 436-14 (18th). Towards the close, however the market improved, and a steady tone prevailed at the end. Bombay Dyeings rose to Rs. 703-12 and Centurys to Rs. 223-12. Kohinoors gained about Rs. 15 during the month to Rs. 131-4. In the miscellaneous section Tata Steel Ordys. recovered and closed at Rs. 68-2 and Defds. at Rs. 242-8. Tata Powers rose to Rs. 1,070. Indian Cements moved up to Rs. 383-12. Bombay Burmahs improved to Rs. 447-8. Tramway shares were well maintained during the month moving between Rs. 135 and Rs. 138-12. Among railway shares Ahmedabad Prantij improved at the close to Rs. 835 and Tapti Valleys were steady around Rs. 750. Among Bank shares Imperial Banks gained about Rs. 30 over the month to Rs. 1,357-8 and Contributories by about Rs. 8 to Rs. 341-4. Bank of India shares improved from Rs. 105-12 to Rs. 110-8.

Bank shares steady.

June saw distinct signs of improvement on the Stock Exchange with a general recovery in prices. The mill strike situation was more or less in hand which, together with a rise in the price of raw cotton and bear covering, caused quotations to advance in the mill group. Bombay Dyeings improved from Rs. 700-10 to Rs. 733-12 (15th) but gradually eased off and closed at Rs. 721-4. Centurys rose from Rs. 220-10 to Rs. 238-12 (18th) but finished at Rs. 231-4. Kohinoors similarly advancing from Rs. 130-10 to Rs. 145-0 (15th) declined at the end to Rs. 134-6. In the miscellaneous section there was a large enquiry for steels, hydro-electric and cement shares all advancing substantially. Tata Iron and Steel Ordy. shares gained from Rs. 68-0 to Rs. 74-12 (23rd) but reacted sharply and finished at Rs. 67-14. Tata Defds. advanced more than Rs. 100 during the month to Rs. 343-12 but closed at Rs. 260-10. Tata Hydros moved from Rs. 136-4 to Rs. 141-14, Tata Powers from Rs. 1,066-4 to Rs. 1,122-8 and Andhra Valleys from Rs. 1,376-4 to Rs. 1,407-8. Bank shares on the other hand were slightly easier, Imperial Bank (fully paid) declining from Rs. 1,355-0 to Rs. 1,327-8 and Contributories from Rs. 340-0 and Rs. 332-8. Bank of India shares dropped from Rs. 111-8 to Rs. 108-4, and Central Banks after rising from Rs. 27-8 to Rs. 29-0 declined again to Rs. 27-12. In the last week of June there was a sharp set-back in the prices of steel shares due largely to profit-taking and unloading by weak holders. At this juncture the Share market became erratic and there were wide movements in all sections, although the undertone was on the whole firm. Steel shares had been particularly subjected to big fluctuations pending the publication of the report of the Tariff Board on the steel industry in India. Following the release of the report in July, the market initially weakened, but a firm tendency set in soon after. Tata Ordys. which stood at Rs. 74-4 (on 26th June) declined to Rs. 66-10 on 11th July but recovered the next day to the opening level of Rs. 70-0. Tata Defds. dropped from Rs. 281-14 to Rs. 251-14, recovering later to Rs. 283-2. There was a sympathetic and proportionate advance in all other issues, especially in the electric and cement shares. Cotton mill shares were also slightly better. Bombay Dyeings

Signs of improvement allround.

Steel shares firm.

Heavy profit-taking and market becomes erratic.

Tariff Board Report on Steel Industry published.

after opening at Rs. 731-4 dropped to Rs. 713-12 (4th) but improved to Rs. 739-6 (16th). Centurys eased from Rs. 233-12 to Rs. 229-6 (4th) but rose to Rs. 258-12 and Kohinoors moved similarly closing at Rs. 148-12. Tata Power shares ranged between Rs. 1,127-8 at the opening and Rs. 1,096-4 on the 18th. Among cement shares, Bundis registered a gradual upward movement from Rs. 29-0 to Rs. 32-10 (21st) and Indian Cements from Rs. 385-0 (4th) to Rs. 418-12 (20th).

Imperial Bank shares advance.

Bank shares which had showed a slightly easier tendency during the latter part of June recovered during July. Imperial Bank shares (fully paid) rose from Rs. 1,337-8 to Rs. 1,362-8 and Contributories from Rs. 335 to Rs. 340. Bank of India shares improved from Rs. 109 to Rs. 111 and those of the Central Bank from Rs. 28-2 to Rs. 29-0.

Tariff Board Report released.

The report of the Tariff Board on the protection of Iron and Steel industry in India was released for publication on July 12, 1934.

In the case of rails and fishplates, the Board considered that the best means of assisting the Indian industry was to ensure that the Indian railways purchase all their requirements in India upto the total capacity of the Indian industry at a price not below the fair selling price. For rails, the average fair selling price was estimated at Rs. 95 per ton f. o. r. Tatanagar and that for fishplates, not less than Rs. 133 per ton f. o. r. Tatanagar. Since the landed price of imported rails and fishplates without duty were higher than the fair selling prices estimated f. o. r. port, the Board was of the opinion that it was unnecessary to include these articles under the protection scheme.

The Board found that the following articles required no protective duties :—

1. Structurals (tested) of British manufacture.
2. Plates (tested) of British manufacture.
3. Semi-finished steel.
4. Steel sleepers.

On the remaining classes of steel the Board recommended the following specific duties :

		Per ton.
1.	Structural sections (untested) not of British manufacture ..	Rs. 43
2.	Bars (tested) of British manufacture	„ 10
3.	Bars (untested) not of British manufacture	„ 39
4.	Plates (untested) not of British manufacture	„ 25
5.	Black sheets (tested) of British manufacture	„ 11
6.	Black sheets (untested) not of British manufacture ..	„ 32
7.	Galvanised sheets of British manufacture	„ 10
8.	Galvanised sheets not of British manufacture ..	„ 40

The above schedule of protective duties proposed by the Tariff Board was based generally on the current market prices of British and Continental steel. In the case of galvanised steel, as no direct information was available the Board recommended a method which was calculated to give the British manufacturer a definite advantage consistently with the interests of the Indian industry, the object being to maintain as far as possible the principle of reciprocity underlying the Ottawa agreement relating to galvanised sheets. In return for the preferential duty on these sheets, the reciprocal benefit to India would be the exemption of Indian pig iron from the import duty in the United Kingdom and a satisfactory market for this article.

The Board was of the opinion that the scheme of protection should last until March 31, 1941, *i.e.* 7 years. The scheme should have a provision for the variation of the duties if unexpected changes in the conditions of the market render it necessary, and the revised duties should be put in operation by the executive without further reference to the Tariff Board.

The Board also recommended that no duties should be imposed for revenue purposes on tested structurals, tested plates, and billets for re-rolling, none of which require protection, as all these are essential materials for the manufacture of other articles included in the scheme of protection.

The tables given below should prove useful reading in estimating the advantages of the protection recommended by the Tariff Board.

Indian, U. K. & Continental Prices.

	Indian.			Landed prices (without duty) of imported steel.	
	Average works cost per ton.	Overhead and profit per ton.	Fair selling price f. o. r. works.	British.	Continental.
	Rs.	Rs.	Rs.	Rs.	Rs.
Rails	56	38	94	112.5	
Fishplates	80	44	124	151.	
Structural Sections ..	60	37	97	112.7	61.5
Bars	60	37	97	96.1	65.
Plates	62	39	101	114.4	81.2
Blacksheets	86	43	129	119.4	95.7
Galvanized sheets ..	116	50	166	140.2	142.2
Sleepers	56	36	92		86.
Tinbar & Billets ..	46	24	70		57.1
Sheet bars					57.7

Import Duties.

	Present Duties.			Recommendations of the Tariff Board.	
	British.	Uniform.	Non-British.	British.	Non-British.
	Rs.	Rs.	Rs.	Rs.	Rs.
Rails		16¼			
Fishplates		7½*			
Structural Sections ..	23¾		37½		43
Bars	32½		46¼	10	39
Plates	25		45		25
Blacksheets	43		73¾	11	32
Galvanized sheets ..	53†		83	10	40
Sleepers		12½*			

* Or the revenue duty, whichever is the higher. † Rs. 30 if made from Indian sheet bar.

Government of India Bill on Steel Industry.

The market now awaited the Government of India Bill on the protection of the Indian steel industry which was to be introduced in the Legislative Assembly on the 23rd July. Pending the final decision, movements in steel shares became somewhat narrow and business was restricted. Except in cement shares which attracted special attention, there was a fair improvement in prices.

Bill introduced in Assembly.

The Indian Steel Protection and Excise Duty Bill introduced in the Legislative Assembly on July 25, 1934, provided for an excise duty of Rs. 4 per ton on all steel ingots produced in British India and this was taken as a bear factor for Tata Steel shares, which witnessed sudden drop in values. Tata Ordys. dropped from Rs. 72 to Rs. 69-10 (26th) and Deferreds from Rs. 295-10 to Rs. 270. Other sections were also quiet in sympathy and the volume of turnover was restricted. Tata Power shares eased from Rs. 1,111-4 (21st) to Rs. 1,085. Cement shares also reacted slightly, Bundis declining from Rs. 32-10 to Rs. 31-3 and Indian Cements from Rs. 418-12 to Rs. 395. The Bill otherwise embodied the principal recommendations of the Tariff Board. While proposing a very considerable reduction in the level of the import duties in certain cases, the Board recommended the levying of an excise duty on the production of steel ingots in British India with a view to make good the loss in the revenues from the Customs duty. In order, however, to render the continuance of protection for the Indian steel industry effectual, the Bill provided for a countervailing customs duty, equivalent to the excise duty and additional to the protective duties recommended by the Board.

Steel shares drop.

Comparatively dull tone prevails.

In the last week of July and almost upto the end of August, a comparatively dull tone with narrow price fluctuations characterised the share market, particularly in steel shares. The market awaited the final outcome of the Bill and in the meantime there was restricted trading in these shares. Tata Ordys. moved between Rs. 70 and Rs. 75-4 (31st Aug.) and Tata Defds. between Rs. 271-14 and Rs. 300 (28th

Erratic movements follow.

Aug.), Cotton mill shares, on the other hand, were tending upward. Bombay Dyeings improved from Rs. 746-4 (1st Aug.) to Rs. 819-6 (31st Aug.), Centurys from Rs. 265-10 to Rs. 271-4 with a small set-back in mid-month to Rs. 256-4, and Kohinoors from Rs. 150 to Rs. 171-4. Electric shares were distinctly firm, Tata Hydros rising from Rs. 146-4 to Rs. 153-2, Tata Powers from Rs. 1,084-6 to Rs. 1,182-8 and Andhra Valleys from Rs. 1,467-8 to Rs. 1,540 at the end of August. Cement shares also recorded advances, Bundis moving up to Rs. 34-2, Indian Cements to Rs. 425-10 and Shahabads to Rs. 356-4. Bank shares showed gradual improvement during August, Imperial Bank (fully paid) improving from Rs. 1,421-4 to Rs. 1,457-8 (31st) and Contributories from Rs. 352-8 to Rs. 358-12. Bank of India shares rose from Rs. 111 to Rs. 113-8 and those of the Central Bank from Rs. 29-2 to Rs. 30-4. In the last week of August there was a great deal of activity on the Stock Exchange and a firm tone was manifest both in the mill section as well as in the miscellaneous group. The Indian Steel Protection Bill was passed in the Legislative Assembly on August 28, 1934, and it was confidently believed that the prospects of the industry were extremely good. There was fresh buying in evidence and prices registered advances in the closing week of the month.

Bank shares advance.

During September the share market was very active and a buoyant tone prevailed. There was considerable turnover in all the issues. Cotton mill shares which had hitherto advanced, but only gradually, saw substantial improvement during this period. Speculators were taking more interest in this section than for a long time past. Bombay Dyeings advanced from Rs. 807-8 to Rs. 857-8, Centurys from Rs. 258-12 to Rs. 283-2 and Kohinoors from Rs. 175 to Rs. 201-4, though prices declined during the earlier half to as low as Rs. 165-10. In the miscellaneous section, steel shares were still in prominence, Tata Ordys. advancing to Rs. 86-2 and Deferreds after improving from Rs. 300-10 (5th) to Rs. 332-8 (17th) closed at Rs. 328-2. Tata Powers rose from Rs. 1,188-12 to as high as Rs. 1,266-4 (15th) but declined at the close to Rs. 1,232-8. Cement shares were practically unchanged during this period. All Bank shares showed substantial advances, Imperial Bank (fully paid) registering more than Rs. 100. After opening at Rs. 1,455 the rate gradually rose to Rs. 1,575 (29th). Contributories also improved from Rs. 358-12 to Rs. 398-12. Bank of India shares gained some Rs. 7 to Rs. 120-12 and those of the Central Bank from Rs. 30-4 to Rs. 33-12.

Activity revived.

Prices advance generally.

The buoyant tone of September continued during the first half of October and prices reached almost record levels in many instances. There was feverish activity in all sections and the turnover was tremendous. Among Cotton mills, there was an advance of 40 to 50 points in the case of big issues. Bombay Dyeings touched the highest record of Rs. 948-12 (12th), Centurys Rs. 343-12 and Kohinoors Rs. 218-12. In the miscellaneous section steel shares were firm, Tata Ordys. reaching Rs. 109-9 and Defds. Rs. 477-8 on the 12th October. Among electric shares, Tata Powers gained more than Rs. 100 to Rs. 1,366-4. Bombay

Buoyant tone continues.

Mill shares advance.

Trams which were quoted at about Rs. 150 at the end of August rose to Rs. 163-2. Cement shares continued to attract special attention, Bundis rising to Rs. 35-8 (5th) and Indian Cements to Rs. 480. Bank shares were practically unchanged during this period, Imperial Banks (fully paid) declining to Rs. 1,545, Contributories to Rs. 388-12. Bank of India shares fell to Rs. 119 and those of the Central Bank to Rs. 33-6. The rise in the previous few weeks had been more than could be sustained and there was heavy liquidation, causing panicky conditions. There was a drop of 50 to 100 points in high priced shares and there was a tendency on the part of holders to realise profits as quickly as possible. Bombay Dyeings dropped from Rs. 948-12 to Rs. 898-12 (13th), Centurys from Rs. 343-12 to Rs. 311-4, and Kohinoors from Rs. 218-12 to Rs. 211-4. In the miscellaneous section steel shares suffered most, Ordys. declining from Rs. 109-8 to Rs. 98, and Defds. from Rs. 477-8 to Rs. 405. There was a sympathetic fall in the electric shares. Tata Powers fell from Rs. 1,366-4 to Rs. 1,137-8 and Andhra Valleys from Rs. 1,601-4 to Rs. 1,557-8. Bombay Trams receded from Rs. 163 to Rs. 156-9. Cement shares were also easier, Bundis declining to Rs. 33 and Indian Cements to Rs. 450. Bank shares on the other hand were firm, recording substantial gains. Imperial Bank (fully paid) touched Rs. 1,645 (18th) and contributories Rs. 420. Bank of India and Central Bank shares were somewhat easier, the former quoting Rs. 116 and the latter Rs. 32-14. In the following week, the market got over the nervous feeling that had prevailed earlier and the fluctuations were narrow, with a steady turnover. Bombay Dyeing fluctuated between Rs. 912-8 and Rs. 901-4, Centurys betweeen Rs. 321-14 and Rs. 308-12 and Kohinoors between Rs. 218-12 and Rs. 209-6. Similar conditions characterised other shares in the miscellaneous section; Tata Ordys. ranged between Rs. 93-12 and Rs. 98 and Defds. between Rs. 390 and Rs. 423-12, with a steady tendency at the finish. Electric shares were practically unchanged, while cements were slightly easier, Bundis closing at Rs. 32-14 and Indian Cements at Rs. 447-8. Bank shares were steady with prices maintained.

Market overloaded. Sharp decline in values.

Market recovers from nervous feeling.

In the last week of October, and early in November there was a tendency on the part of holders to square off their commitments before the Diwali (Hindu New Year) holidays resulting in price declines in all issues. The turnover was moderate. There was a sharp decline particularly in steel shares, Ordys. declining to Rs. 93-12 (2nd November) and Defds. to Rs. 401-4. The market continued weak in the early part of November and the panicky conditions that had obtained in the middle of October were repeated. Prices suffered a sharp set-back in all issues. Bombay Dyeings which were quoted at Rs. 912-8 on 30th October dropped to Rs. 851-4 (6th November). Centurys receded from Rs. 311-4 to Rs. 290 and Kohinoors from Rs. 211-4 to Rs. 195. Steel shares declined further, Ordys. to Rs. 89-4 (9th) and Defds. to Rs. 391-4. Electric shares were also affected, Powers declining to Rs. 1,292-8 and Andhra Valleys to Rs. 1,555. Cement shares also suffered declines, Bundis receding to Rs. 31-14 (5th) and Indian Cements to Rs. 321-4 (5th). Bank shares shared a sympathetic fall,

Holders square off commitments before settlement.

Market weak.

Cement shares decline.

Imperial Banks (fully paid) falling to Rs. 1,592-8 (6th) and Contributories to Rs. 396-4. Commitments for the November settlement being unusually large owing to violent fluctuations in the market and heavy turnover, the settlement period was extended by three more days. The accounts were squared off without any serious defaults and the market opened on the 16th in a slightly better mood. The undertone was steadier, but the turnover was comparatively small. Bombay Dyeings advanced to Rs. 901-4 (17th), Centurys to Rs. 317-8 and Kohinoors to Rs. 216-4. In the miscellaneous section steel shares also advanced, Tata Ordys. to Rs. 93-4 and Defds. to Rs. 407-8. Electric shares were notably steady, Tata Hydros rising to Rs. 163-7 and Powers from Rs. 1,292-8 to Rs. 1,353-12. Andhra Valleys advanced over Rs. 100 from Rs. 1,555 to Rs. 1,662-8 (16th). In the third week of November there were practically no changes in quotations, but during the last week, prices firmed up again. There was a revival of confidence and speculators took more interest. Steel shares once again became prominent following report of a large impending railway programme in the coming financial year. There was an orgy of speculative buying in this section. Tata Ordys. rose to Rs. 98-12 (29th) and Defds. to Rs. 428-12.

November settlement extended.

Undertone steady.

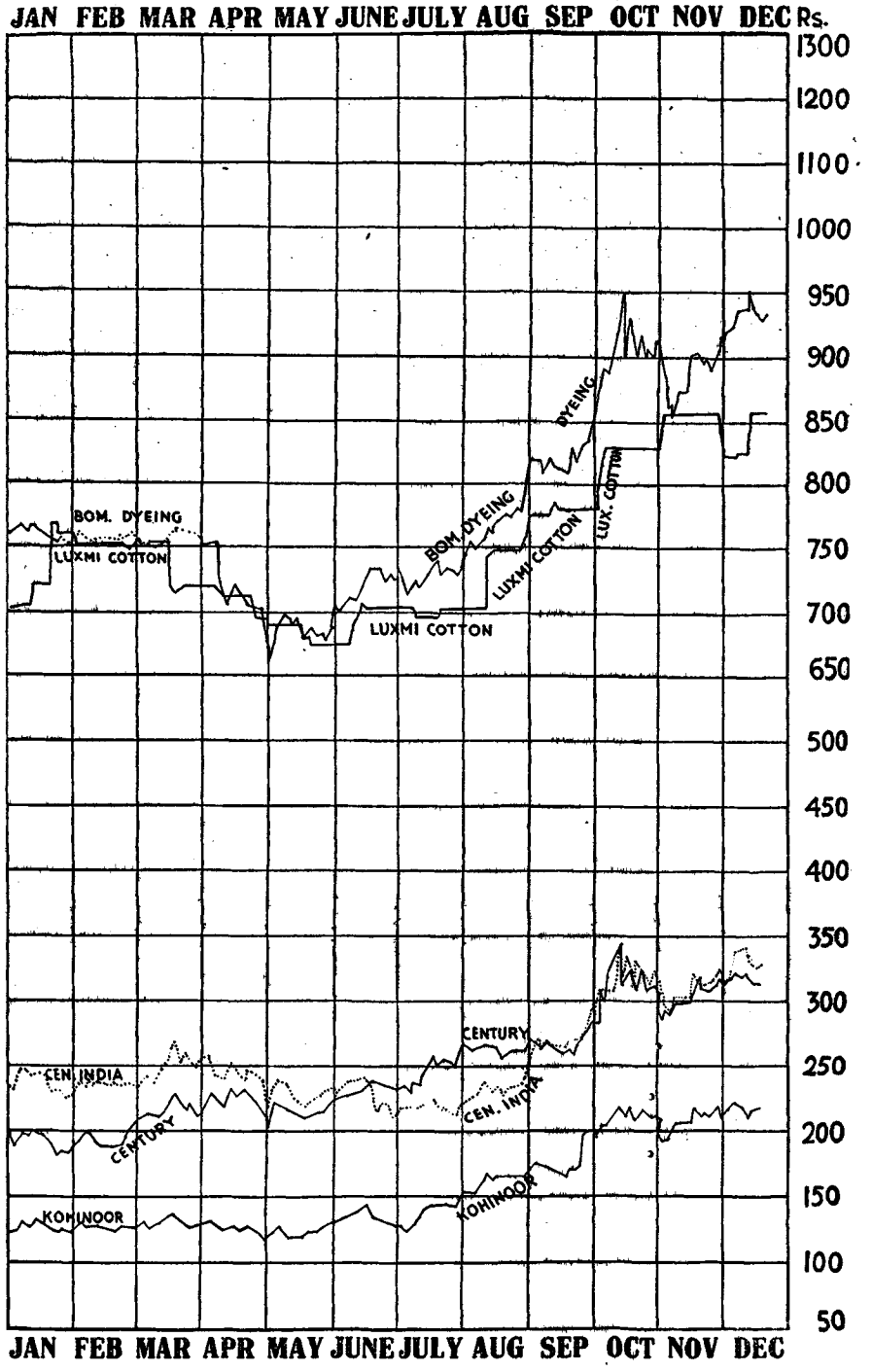
Throughout December a buoyant tone prevailed and there was a large turnover. Cotton mill shares were also firm in sympathy with the rise in the price of raw cotton. Bombay Dyeings improved to Rs. 950 (11th), Centurys to Rs. 320 and Kohinoors to Rs. 221-4 (6th). In the miscellaneous section Cement shares attracted special attention in mid-month, Bundis rising to Rs. 34 and Indian Cements to Rs. 370-10 (14th). Steel shares gained more than what they lost early in November and quotations outstripped the highest rates touched during the latter part of October. Ordys. advanced to Rs. 112-8 (19th) and Defds. to Rs. 486-4 but closed at Rs. 110-8 and Rs. 478-12 respectively on the last day of the year, 20th December. Cotton mill shares were firm in sympathy with rising prices in raw cotton. Bombay Dyeings closed at Rs. 927-8, Centurys at Rs. 313-2 and Kohinoors at Rs. 218-12. Electric shares were also firm, Tata Powers advancing at the end to Rs. 1,436-4 and Hydros. to Rs. 169-8. Andhra Valleys were slightly quieter during the latter half, closing at Rs. 1,665 and Bombay Trams at Rs. 160-10. Cement shares were firm towards the close, Bundis finishing at Rs. 34-12 and Indian Cements at Rs. 365. Among Bank shares Imperial Banks (fully paid) closed at Rs. 1,615 and Contributories at Rs. 405. Bank of India shares were steady at Rs. 121 and those of the Central Bank at Rs. 35-2.

Buoyant tone persists.

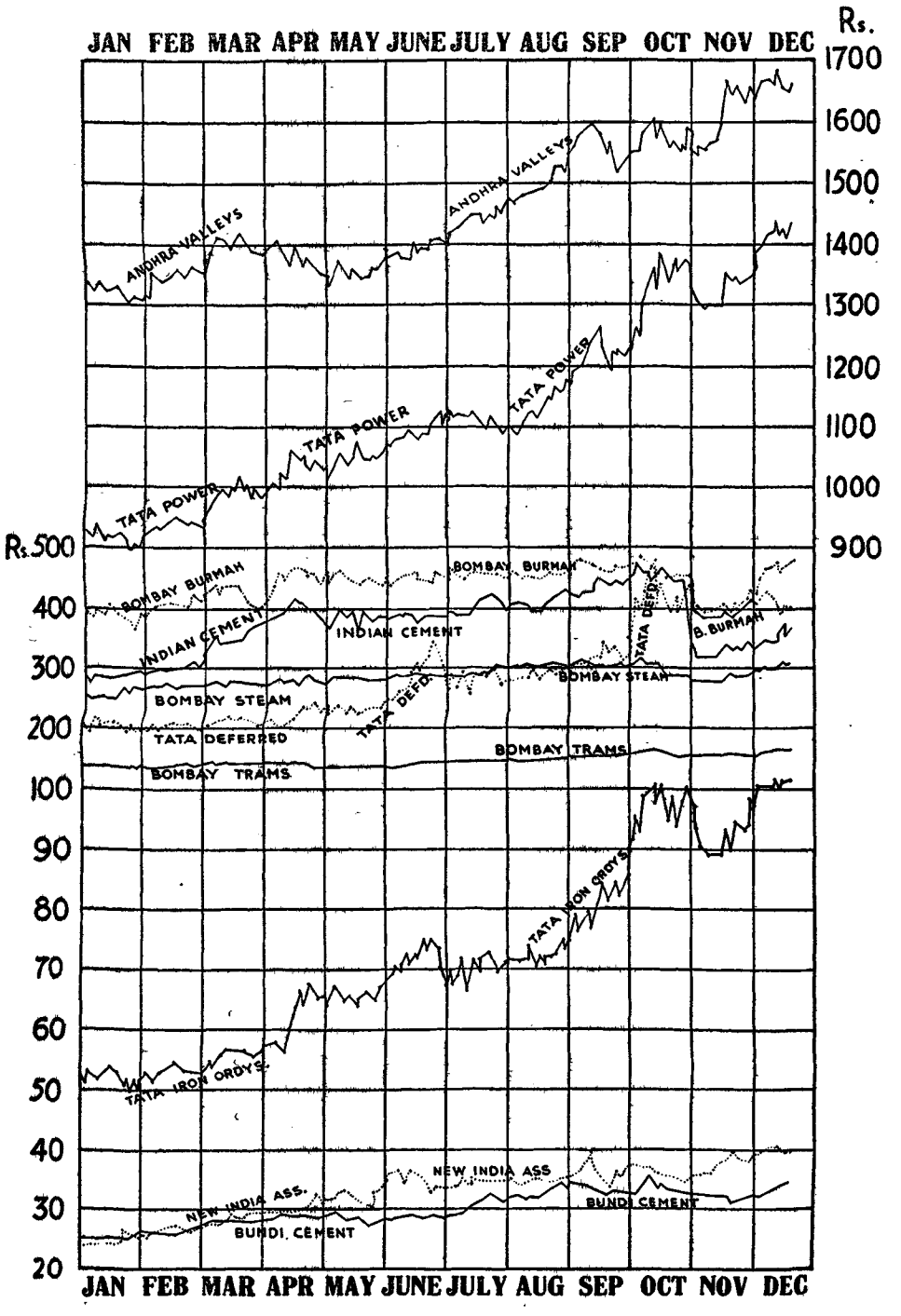
Cements in special favour.

Cotton Mill shares firm.

COTTON MILL SHARES.



MISCELLANEOUS SHARES CHART.



STATISTICS.

EXCHANGE VARIATIONS 1934.

Highest and lowest market selling quotations of Ready T. T. on London.

Months.	Highest.	Lowest.	Average.
January 1934.. ..	1s. 6-1/16d. (11-31) ..	1s. 6-1/32d. (1-10) ..	18·052d.
February ,, ...	1s. 6-1/16d. (1-24) ..	1s. 6-1/32d. (26-28). ..	18·058d.
March ,, ...	1s. 6-1/32d. (1-31) ..	1s. 6-1/32d. (1-31) ..	18·031d.
April ,, ...	1s. 6-1/32d. (1-30) ..	1s. 6-1/32d. (1-30) ..	18·031d.
May ,, ...	1s. 6-1/32d. (1-16) ..	1s. 5-15/16d. (22-23)..	18·004d.
June ,, ...	1s. 6-1/32d. (15, 19, 21-30).	1s. 6d. (1-14, 16, 18, 20)	18·013d.
July ,, ...	1s. 6-1/32d. (1-31) ..	1s. 6-1/32d. (1-31) ..	18·031d.
August ,, ...	1s. 6-1/32d. (1-31) ..	1s. 6-1/32d. (1-31) ..	18·031d.
September ,, ...	1s. 6-1/32d. (1-30) ..	1s. 6-1/32d. (1-30) ..	18·031d.
October ,, ...	1s. 6-1/32d. (1-31) ..	1s. 6-1/32d. (1-31) ..	18·031d.
November ,, ...	1s. 6-1/32d. (1-30) ..	1s. 6-1/32d. (1-30) ..	18·031d.
December ,, ...	1s. 6-1/32d. (1-31) ..	1s. 6-1/32d. (1-31) ..	18·031d.
		Average for the year ..	18.0312d.

GOVERNMENT STERLING REMITTANCES.

Week ending	Sterling remittances through purchases in India by tender and on tap.					By transfer from G.S.R. in England against transfers of gold in India from P. C. R. to G. S. R. in India.	Other transfers.
	Amount Remitted.	Purchases by Tender.	Rate.	Purchases on tap.	Rate.		
	£	£		£		£	£
6- 1-34	1,025,000	1,000,000	1/6-1/16	25,000	1/6-3/32		
13- 1-34	1,621,000	1,000,000	,,	621,000	,,		
20- 1-34	2,221,000	10,000	1/6-3/32				
		990,000	1/6-1/16	1,221,000	,,	—5,000,000	
27- 1-34	1,835,000	30,000	1/6-3/32				
		970,000	1/6-1/16	835,000	,,		
3- 2-34	3,014,000	1,000,000	,,	2,014,000	,,		
10- 2-34	2,735,000	10,000	1/6-3/32				
		990,000	1/6-1/16	1,735,000	,,		
17- 2-34	2,355,000	1,000,000	,,	1,355,000	,,		
24- 2-34	1,334,000	1,000,000	,,	334,000	,,		
3- 3-34	1,226,000	1,000,000	,,	226,000	,,		
10- 3-34	1,696,000	1,000,000	,,	696,000	,,		
17- 3-34	1,433,000	1,000,000	,,	433,000	,,		
24- 3-34	1,334,000	1,000,000	,,	334,000	,,	—2,905,000	
31- 3-34	1,588,000	1,000,000	,,	588,000	,,		+3,000,000
7- 4-34	1,351,000	1,000,000	,,	351,000	,,		—3,000,000
14- 4-34	1,410,000	1,000,000	,,	410,000	,,		
21- 4-34	1,048,000	1,000,000	,,	48,000	,,		
28- 4-34	992,000	1,000,000	,,	....	,,		—2,000,000
5- 5-34	1,147,000	1,000,000	,,	147,000	,,		
12- 5-34	1,319,000	1,000,000	,,	319,000	,,		
19- 5-34	95,000	50,000	,,	45,000	,,		
26- 5-34	20,000	....		20,000	,,		
2- 6-34	....	....		....			
9- 6-34	....	....		....			
16- 6-34	....	....		....			
23- 6-34	....	50,000	,,	....			
30- 6-34	430,000	565,000	,,	....			
7- 7-34	775,000	865,000	,,	....			
14- 7-34	275,000	....		....			
21- 7-34	....	....		....			
28- 7-34	....	....		....			
4- 8-34	15,000	130,000	,,	....			
11- 8-34	1,045,000	1,000,000	,,	....			
18- 8-34	568,000	1,000,000	,,	....			
25- 8-34	812,000	450,000	,,	....			
1- 9-34	890,000	790,000	,,	....			
8- 9-34	868,000	1,000,000	,,	....			
15- 9-34	1,067,000	1,000,000	,,	....			
22- 9-34	405,000	1,000,000	,,	....			
29- 9-34	1,486,000	1,000,000	,,	....			
6-10-34	924,000	915,000	,,	....			
13-10-34	1,191,000	1,000,000	,,	....			
20-10-34	14,000	....		....			
27-10-34	636,000	1,000,000	,,	....			
3-11-34	1,364,000	1,000,000	,,	....			
10-11-34	30,000	50,000	,,	....			
17-11-34	70,000	100,000	,,	....			
24-11-34	75,000	75,000	,,	....			
1-12-34	50,000	50,000	,,	....			
8-12-34	768,000	1,000,000	,,	....			
15-12-34	1,151,000	1,000,000	,,	....			
22-12-34	1,135,000	1,000,000	,,	....			
29-12-34	586,000	....		582,000	,,		
	47,429,000	35,090,000		12,339,000		—7,905,000	—8,000,000

TRADE 1934.

Imports and Exports of Merchandise and Treasure (in lacs of rupees).

Months.	Exports including re-exports.	Imports.	Balance of Trade in Merchandise only.	Treasure. —Net Imports. +Net Exports.	Remittances to Secy. of State (adverse to India).	Balance of trade excluding Government Remittances.	The Net balance of trade + in favour — against.
January 1934	11,65·03	10,66·98	+ 98·05	+5,90	—10,23	+ 6,89	— 334
February ,,	12,80·85	8,75·36	+4,05·49	+10,10	—11,64	+ 14,18	+ 2,54
March ,,	14,65·15	10,61·58	+4,03·57	+5,42	— 9,42	+ 9,41	— 1
April ,,	12,35·41	10,95·60	+1,39·81	+5,35	— 6,71	+ 6,77	+ 6
May ,,	13,23·67	10,48·33	+2,75·34	+5,22	— 3,13	+ 8,03	+ 4,90
June ,,	12,47·35	9,55·61	+2,91·74	+5,21	— 60	+ 8,10	+ 7,50
July ,,	12,84·80	9,90·39	+2,94·41	+6,04	— 1,45	+ 9,07	+ 7,62
August ,,	12,32·00	10,67·78	+1,64·22	+1,23	— 4,49	+ 2,93	— 1,56
September ,,	12,07·25	10,54·66	+1,52·59	+ 96	— 5,10	+ 2,53	— 2,57
October ,,	12,37·70	12,47·59	— 9·89	+4,21	— 3,69	+ 4,14	+ 45
November ,,	12,29·93	11,40·46	+ 89·47	+5,76	— 1,69	+ 6,68	+ 4,99
December ,,	12,33·00	10,35·00	+1,98·00	+6,02	— 4,89	+ 7,96	+ 3,07
Total for 1934	151,42·14	126,39·34	+25.02·80	+61,42	—63,04	+ 86,69	+ 23,65

Source of information :—Accounts relating to the Sea-borne Trade and Navigation of British India.

CROPS :—SEASONS AND EXPORT VALUE.

Name of Article.	Crops sown.	Crops harvested.	Export commences.	Value of Exports from Dec. 1933 to 30th November 1934.
				In lacs. Rs.
Rice	May/June	November/December..	January.. ..	8,74·59
Jute	May/June	September/October ..	November ..	* 30,98·68
Cotton	May/June and October	October/November and April/May.	November ..	* 35,21·54
Tea	....	June/January ..	July	20,48·19
Cottonseed ..	....	October/November ..	December ..	0·38
Maize	July	October/November ..	December ..	0·34
Tilseed	July and October ..	November and March.	December/January.	14·33
Rapeseed ..	August/October ..	February/March ..	April/May ..	58·76
Mustardseed ..	August/October ..	February/March ..	April/May ..	5·35
Gram	September/October ..	February/March ..	May	26·17
Lentils	October	February/March ..	Late March ..	20·58
Peas (Beans) ..	October	March	April/May ..	14·42
Linseed ..	October	March/April	May	3,75·95
Barley	October/November ..	March/April	May	6·76
Wheat	October/November ..	April	May	25·30
Groundnut ..	August	December	January	5,73·91

* Value includes raw and manufactured articles.

CURRENCY RETURNS FOR EACH QUARTER.

In lacs of rupees.

During Quarter.	Note Circulation.		Metallic Reserve.		Average Percentage.
	Highest.	Lowest.	Highest.	Lowest.	
1914.					
Jan.-Mar. ..	66,12	63,94	52,12	49,94	78·46
Apr.-June ..	70,26	65,46	56,26	51,46	79·34
July-Sept. ..	75,45	60,52	61,45	46,52	79·15
Oct.-Dec. ..	61,19	60.78	47,19	46,78	77·04
1915.					
Jan.-Mar. ..	61,63	59,55	47,63	45,55	76·89
Apr.-June ..	66,48	60,24	52,48	46,24	77·85
July-Sept. ..	68,06	63,81	54,06	49,81	78·74
Oct.-Dec. ..	63,59	62,06	49,59	48,06	77·71
1916.					
Jan.-Mar. ..	67,73	62,42	47,73	45,51	71·68
Apr.-June ..	71,39	65,47	48,23	43,25	66·81
July-Sept. ..	75,48	71,55	52,42	48,49	68·60
Oct.-Dec. ..	82,17	73,32	50,12	41,21	58·60
1917.					
Jan.-Mar. ..	86,76	84,36	40,47	37,58	45·59
Apr.-June ..	93,29	82,72	32,11	30,64	35·72
July-Sept. ..	108,43	99,31	46,95	37,83	40·69
Oct.-Dec. ..	114,77	108,31	53,29	46,83	44·83
1918.					
Jan.-Mar. ..	104,82	99,79	43,34	38,31	39·86
Apr.-June ..	114,79	105,96	37,37	36,39	33·45
July-Sept. ..	134,38	121,41	48,39	38,75	33·96
Oct.-Dec. ..	147,09	136,43	54,77	50,44	37·10
1919.					
Jan.-Mar. ..	153,46	149,74	54,88	51,16	34·96
Apr.-June ..	162,76	153,72	64,18	55,14	37·65
July-Sept. ..	171,86	167,11	72,33	68,53	41·54
Oct.-Dec. ..	182,91	175,28	83,38	75,76	44·40
1920.					
Jan.-Mar. ..	185,15	174,52	87,66	84,94	48·00
Apr.-June ..	170,74	164,34	91,52	84,97	52·65
July-Sept. ..	163,87	157,63	94,98	94,21	58·86
Oct.-Dec. ..	161,41	159,58	93,79	83,16	55·10
1921.					
Jan.-Mar. ..	166,16	163,41	89,74	86,99	53·61
Apr.-June ..	171,76	167,32	95,42	90,91	54·94
July-Sept. ..	178,37	175,56	103,10	99,16	54·38
Oct.-Dec. ..	179,72	172,53	104,31	98,29	57·56
1922.					
Jan.-Mar. ..	174,76	173,87	103,84	99,16	58·22
Apr.-June ..	176,01	171,76	105,05	100,83	59·19
July-Sept. ..	182,26	180,41	113,99	109,41	61·59
Oct.-Dec. ..	179,63	174,18	115,42	110,91	63·96
1923.					
Jan.-Mar. ..	174,70	172,65	111,37	109,37	63·54
Apr.-June ..	173,61	171,23	110,27	107,88	63·25
July-Sept. ..	179,29	175,72	121,81	114,36	64·19
Oct.-Dec. ..	183,41	178,30	123,34	108,93	64·16

During Quarter.	Note Circulation.		Metallic Reserve.		Average Percentage.
	Highest.	Lowest.	Highest.	Lowest.	
1924.					
Jan.-Mar. ..	186,19	184,02	104,50	102,32	55·86
Apr.-June ..	181,33	172,49	100,97	98,98	56·52
July-Sept. ..	179,26	176,24	107,95	104,89	54·87
Oct.-Dec. ..	180,98	179,21	108,86	103,09	58·83
1925.					
Jan.-Mar. ..	184,19	181,12	100,00	98,60	54·36
Apr.-June ..	183,85	173,23	101,07	95,13	54·93
July-Sept. ..	189,51	179,46	112,40	101,07	57·82
Oct.-Dec. ..	191,87	189,61	112,50	105,65	57·17
1926.					
Jan.-Mar. ..	193,34	190,45	107,23	104,33	55·00
Apr.-June ..	191,44	184,91	113,24	106,47	57·82
July-Sept. ..	201,09	192,65	125,05	144,41	61·06
Oct.-Dec. ..	196,52	181,18	127,88	124,93	66·59
1927.					
Jan.-Mar. ..	184,13	180,03	126,79	124,23	68·90
Apr.-June ..	181,60	169,68	137,10	133,10	77·40
July-Sept. ..	181,81	173,69	144,71	138,23	79·88
Oct.-Dec. ..	183,37	178,57	145,34	138,28	78·53
1928.					
Jan-Mar. ..	186,28	182,65	137,32	135,12	73·32
Apr.-June ..	186,09	177,15	135,36	127,93	72·14
July-Sept. ..	184,59	178,11	136,65	130,50	73·64
Oct.-Dec. ..	189,10	183,24	136,59	131,80	72·99
1929.					
Jan.-Mar. ..	192,47	188,03	132,17	130,92	69·17
Apr.-June ..	188,98	182,82	134,86	130,62	71·45
July-Sept. ..	187,69	185,02	145,21	136,21	76·15
Oct.-Dec. ..	187,21	179,10	145,80	140,27	78·45
1930.					
Jan.-Mar. ..	181,60	177,23	143,22	138,32	77·72
Apr.-June ..	174,14	163,72	144,66	142,30	84·35
July-Sept. ..	172,36	164,71	154,03	145,60	89·15
Oct.-Dec. ..	173,06	161,34	155,37	151,73	92·27
1931.					
Jan.-Mar. ..	160,99	156,53	151,59	145,29	92·95
Apr.-June ..	160,25	152,53	152,94	146,57	95·58
July-Sept. ..	156,51	146,22	149,34	136,74	94·74
Oct.-Dec. ..	179,30	153,93	136,15	126,55	81·47
1932.					
Jan.-Mar. ..	182,31	177,64	125,98	115,71	66·16
Apr.-June ..	174,62	167,83	122,66	115,54	70·41
July-Sept. ..	175,77	171,66	126,62	123,46	71·90
Oct.-Dec. ..	175,91	174,75	130,18	124,29	72·15
1933.					
Jan.-Mar. ..	176,89	174,15	137,85	134,83	77·67
Apr.-June ..	176,66	175,46	137,84	131,67	76·94
July-Sept. ..	179,76	176,97	134,72	132,90	74·87
Oct.-Dec. ..	180,04	177,88	134,29	131,73	74·30
1934.					
Jan.-Mar. ..	178,38	176,58	139,51	131,61	76·90
Apr.-June ..	180,87	176,75	139,37	137,24	77·40
July-Sept. ..	185,06	181,58	140,94	139,43	76·25
Oct.-Dec. ..	185,63	183,91	139,36	136,62	74·65

PRICE OF GOLD.

Months.	PRICE IN LONDON PER FINE OZ.		
	Highest.	Lowest.	Average.
1934.	s. d.	s. d.	s. d.
January	133 1 (31)	126 8 (8)	130 1·423
February	140 0 (5)	134 9 (19)	136 11·645
March	137 2 (6)	135 5½ (29)	136 5·660
April	135 11 (24, 27)	134 3 (4)	135 1·542
May	137 0½ (30)	135 10 (4, 12)	136 3·192
June	138 2½ (26)	137 1½ (1, 7)	137 8·884
July	138 0½ (10, 13, 27-31)	137 5 (4)	137 10·750
August	140 11½ (31)	137 10 (7)	138 7·154
September	141 7 (3)	140 3½ (11)	140 10·040
October	143 3 (11)	139 6 (25)	141 7·883
November	139 10 (1, 3)	139 0½ (13)	139 5·461
December	141 0 (31)	139 9½ (1)	140 7·479
		Average for the year ..	137 7·751

Months.	PRICE IN BOMBAY PER TOLA (for Ready).		
	Highest.	Lowest.	Average.
1934.	Rs. a. p.	Rs. a. p.	Rs. a. p.
January	32 14 3 (31)	31 4 3 (9)	32 1 1
February	34 12 0 (3)	33 4 6 (1)	33 14 10
March	34 0 9 (6)	33 10 9 (29)	33 13 0
April	33 10 6 (26)	33 3 0 (4)	33 6 9
May	34 2 0 (24, 31)	33 9 3 (1)	33 13 5
June	34 7 6 (6)	34 0 9 (29)	34 4 0
July	34 5 3 (27, 28)	34 0 6 (4)	34 4 3
August	35 4 6 (31)	34 4 0 (8)	34 6 4
September	35 3 9 (27)	34 13 3 (11, 15)	34 15 7
October	35 10 0 (9)	34 8 0 (25)	35 2 0
November	34 12 6 (30)	34 6 9 (8)	34 10 0
December	35 0 6 (28)	34 11 6 (1)	34 14 7
		Average for the year ..	34 2 2

IMPORTS, EXPORTS, OFF-TAKE AND STOCKS OF GOLD—1933.

Months.	Monthly import value of bar gold and coin into British India.	Monthly Export of bar gold and coin from British India.		Monthly estimated off-take in Bombay.	Estimated stock at the end of each month in Bombay.
		Value.	Ozs.		
1933	Rs.	Rs.		Tolas.	Tolas.
January ..	7,13,473	5,92,67,957	689,128	75,000	4,00,000
February ..	11,21,404	10,21,61,856	1,136,160	75,000	3,00,000
March ..	9,83,229	5,45,97,812	605,691	75,000	4,00,000
April ..	6,57,838	5,34,61,276	599,888	75,000	4,00,000
May ..	6,20,805	5,29,67,202	588,388	90,000	4,00,000
June ..	7,73,248	5,05,81,917	554,602	90,000	4,00,000
July ..	5,65,249	5,82,83,708	638,562	90,000	2,50,000
August ..	6,30,463	99,73,728	108,859	90,000	7,00,000
September ..	5,41,621	72,27,768	78,415	90,000	12,00,000
October ..	5,58,575	3,89,43,814	418,524	90,000	12,00,000
November ..	4,76,100	5,51,37,847	596,734	75,000	6,00,000
December ..	5,92,697	6,24,69,604	670,949	75,000	3,50,000
Total ..	82,34,702	60,50,74,489	6,685,900	990,000	....

PRICE OF BAR SILVER.

Months.	PRICE IN LONDON PER STANDARD OUNCE (Ready).		
	Highest.	Lowest.	Average.
1934.	d.	d.	d.
January	19 3/4 (19)	19 1/16 (9)	19·382
February	20 11/16 (28)	19 1/4 (2)	20·073
March	20 3/4 (12)	19 7/8 (19, 22, 28)	20·278
April	20 1/4 (10,11,16)	18 3/4 (25-27)	19·739
May	19 13/16 (9)	18 3/16 (1)	19·276
June	21 1/8 (29)	19 7/16 (2)	19·980
July	21 (27)	20 1/16 (27)	20·512
August	21 7/8 (31)	20 7/16 (1)	21·377
September	22 7/16 (28)	21 5/8 (5)	21·887
October	24 7/8 (15, 16)	22 7/16 (1)	23·581
November	25 1/4 (12)	23 7/16 (5-7)	24·257
December	24 7/8 (6)	23. 13/16 (21)	24·403
	Average for the year		21·229

Months.	PRICE IN BOMBAY PER 100 TOLAS (Ready).		
	Highest.	Lowest.	Average.
1934.	Rs. a.	Rs. a.	Rs. a. p.
January	55 9 (16)	53 15 (8, 9, 26, 27)	54 7 7
February	57 4 (17)	54 5 (1)	55 15 1
March	57 5 (12)	54 15 (28)	55 12 9
April	55 9 (11)	51 13 (30)	54 8 5
May	54 6 (31)	50 7 (1)	53 2 11
June	58 7 (29,30)	54 5 (1)	55 6 11
July	58 4 (6)	56 9 (30)	57 7 6
August	60 9 (31)	57 8 (1)	59 6 3
September	61 13 (28)	60 2 (5, 8)	60 7 11
October	68 0 (16)	61 4 (1)	64 8 6
November	68 2 (13)	64 3 (1)	66 4 6
December	67 9 (6)	63 8 (18)	65 14 8
	Average for the year		58 9 11

IMPORTS, EXPORTS, OFF-TAKE AND STOCKS OF SILVER—1933.

Months.	Monthly imports of silver bullion (bar and other kinds of uncoined silver) into British India.	Monthly exports of silver bullion (on Government and private account).	Monthly estimated off-take in Bombay.*	Monthly estimated stock of silver at the end of each month.
1933.	(Standard	Ounces).	(In bars of	2,800 tolas.)
January ..	6,956	3,770,213	1,000	7,000
February ..	337,865	1,237,010	1,500	9,000
March ..	204,689	5,378,038	1,600	10,000
April ..	11,687,670	1,673,684	1,400	10,000
May ..	420,722	2,163,199	3,800	9,000
June ..	431,509	2,882,637	1,900	10,000
July ..	32,882	3,995,676	800	9,000
August ..	262,885	5,592,169	600	10,000
September ..	636,705	4,351,061	550	9,000
October ..	56,369	5,567,385	1,250	10,000
November ..	1,439,615	2,322,115	600	12,000
December ..	2,222,888	2,531,934	400	20,000
Total ..	17,740,755	41,465,121	15,400	....

* The above off-take are exclusive of Shipments on private account to London and Shanghai.

GOVERNMENT SECURITIES.

RUPEES.

(Thousands of Rupees.)

Security.	When Issued.	Amount outstanding as at 30th Septr. 1934.	When Repayable.	Dates when interest is due.
		Rs.		
3 per cent. Loan	1896	3,16,24,	At the option of Government after three months' notice.	June 30, Dec. 31.
3½ per cent. Loan	1843	23,66,72,		Feb. 1, Aug. 1.
Do.	1854	22,10,80,		June 30, Dec. 31.
Do.	1865	37,08,41,		May 1, Nov. 1.
Do.	1879	2,84,35,		Jan. 16, July 16.
Do.	1900	36,32,14,		June 30, Dec. 31.
3½ per cent. Bonds	1933	55,94,37,	After 15th Nov. 1947, at 3 months' notice but not later than 15th Nov. 1950.	May 15, Nov. 15.
3 per cent. Bonds	1934	10,67,32,	On Sept. 15, 1941.. ..	March 15, Sept. 15.
4 per cent. Loan	1926	63,30,26,	On or before 15th Sept. 1970 but not preceding 15th Sept. 1960 at three months' notice.	March 15, Sept. 15.
4 per cent Bonds	1933	14,97,18,	1st August 1943.	Feb. 1, Aug. 1.
4½ per cent. Loan	1928	9,05,70,	On or before Sept. 15, 1960, but not preceding 15th Sept. 1955, with 3 months' previous notice	March 15, Sept. 15.
5 per cent. Ten Year Bonds ..	1925	11,43,40,	Sept. 15, 1935	March 15, Sept. 15.
5 per cent. Income-tax free Loan *	1919	56,74,94,	After Oct. 15, 1945, at three months' notice and not later than Oct. 15, 1955.	April 15, Oct. 15.
Do. ..	1923			
Do. ..	1924			
5 per cent. Loan	1929	27,78,12,	After July 15, 1939, at three months' notice and not later than July 15, 1944.	Jan. 15, July 15.
6½ per cent. Treasury Bonds ..	1931	16,10,20,	Sept. 15, 1935	Mar. 15, Sept. 15.
6½ per cent. Bombay Development Loan *	1920	9,38,93,	Nov. 1, 1935	May 1, Nov. 1.
5½ per cent. Bonds	1932	19,13,90,	On or before 1st October 1940 but not preceding 1st Oct. 1938 with three months' previous notice.	April 1, Oct. 1.
5 per cent. Bonds	1932	25,18,48,	On or before 1st October 1943 but not preceding 1st October 1940 with three months' previous notice.	April 1, Oct. 1.
Post Office Cash Certificates & ,, ,, Savings Bank Deposits	..	1,22,11,38,		
Treasury Bills	..	57,97,85,		
Prov. Funds & other unfunded debt	..	83,76,95,		
Total Rs. ..	..	7,08,77,64,		

The interest on Loans marked * is exempt from Income-tax, but not from Super-tax. It will be taken into account in determining the rate at which Income-tax will be levied on other income.

GOVERNMENT SECURITIES.

STERLING.

Description.	When issued.	Total sum raised.	Amount outstanding as on 30th Sept, 1934.	Date of termination of Loan.	When Int. due.
		£	£		
India 4½ per cent.	1922-23 ..	40,000,000	39,852,418	If not previously redeemed, will be repaid at par on 15th May 1955 with right to redeem at par on, or on any half yearly int. date after 15th May 1950 at 3 months' notice.	May 15. November 15.
India 4½ per cent. Stock.	1928 ..	17,500,000	17,500,000	If not previously redeemed, will be paid at par on 1st June 1968 with right to redeem at par on, or on any half yearly int. date after 1st June 1958 on giving 3 months' notice.	December 1. June 1.
India 3½ per cent. Stock.	Between 1887 & 1912.	88,767,884	88,667,884	Not redeemable until 5th January 1931, but on or after that day upon one year's notice.	January 5. April 5. July 5. October 5.
India 3 per cent. Stock.	Between 1894 & 1921-24.	77,065,347	77,024,185	Not redeemable until 5th October 1948, but on or after that day upon one year's notice.	January 5. April 5. July 5. October 5.
India 2½ per cent. Stock.	1896-98 ..	11,539,986	11,539,986	Redeemable at any time at Government's option with one year's previous notice.	January 5. April 5. July 5. October 5.
India 6 per cent. ..	Oct. 15, 1930.	12,000,000	11,952,500	On 15th October 1935 or on any interest date thereafter at three months' notice, but not later than 15th October 1937.	April 15. October 15.
India 5½ per cent. Stock "A".	1931 ..	17,181,249	16,858,059	On 15th July 1936 or on any half yearly interest date thereafter at 3 months' notice but not later than 15th July 1938.	January 15. July 15.
5 per cent. Stock ..	1932 ..	10,000,000	9,910,970	If not redeemed on 15th June 1942, will be repaid at par after 3 months' notice but not later than 15th June 1947.	June 15. December 15.
4 per cent. Stock ..	May 11, 1933	12,000,000	12,000,000	If not redeemed on 15th December 1948, will be repaid at par after 3 months' notice but not later than 15th December 1953.	June 15. Dec. 15.
India 3½ per cent. Stock.	Nov. 9, 1933	10,000,000	10,000,000	If not redeemed on 15th December 1954, will be repaid at par after 3 months' notice but not later than 15th December 1959.	June 15. December 15.
		Total Debt in England	295,306,002	@ 1*s.* 6*d*=Rs. 393.74 crores.	

TREASURY BILLS OUTSTANDING ON 31ST DECEMBER 1934.

Approximate due date.	Amount Issued.	Average Rate.	Tenure.	Date of Issuance.
	Rs.	Rs. a. p.		
3rd to 8th January 1935	1,12,75,000	99 11 0	3 months	3rd to 8th October 1934.
5th January 1935	1,50,00,000	1 5 11	3 ,,	5th October 1934.
10th to 23rd January 1935	16,25,000	99 10 9	3 ,,	10th to 23rd October 1934.
12th January 1935	1,50,00,000	1 6 8	3 ,,	12th October 1934.
26th January 1935	1,50,00,000	1 7 8	3 ,,	26th October 1933.
25th to 29th January 1935	1,74,25,000	99 10 6	3 ,,	25th to 29th October 1933.
TOTAL ..	7,53,25,000			
31st January to 3rd February 1935 ..	43,00,000	99 10 6	3 months	31st October to 3rd November 1934.
2nd February 1935	1,50,00,000	1 7 10	3 ,,	2nd November 1934.
6th to 12th February 1935	13,50,000	99 10 6	3 ,,	6th to 12th November 1934.
9th February 1935	1,50,00,000	1 7 11	3 ,,	9th November 1934.
14th to 19th February 1935	1,85,00,000	99 10 6	3 ,,	14th to 19th November 1934.
16th February 1935	1,50,00,000	1 7 10	3 ,,	16th November 1934.
21st to 26th February 1935	1,79,25,000	99 10 6	3 ,,	21st to 26th November 1934.
23rd February 1935	1,50,00,000	1 7 0	3 ,,	23rd November 1934.
28th February 1935	1,50,00,000	1 7 0	3 ,,	30th November 1934.
TOTAL ..	11,70,75,000			
28th February to 3rd March 1935 ..	65,00,000	99 10 9	3 months	28th November to 3rd December 1934.
5th to 10th March 1935	36,75,000	99 10 9	3 ,,	5th to 10th December 1934.
7th March 1935	1,50,00,000	1 6 11	3 ,,	7th December 1934.
12th to 17th March 1935	25,000	99 10 9	3 ,,	12th to 17th December 1934.
14th March 1935	1,50,00,000	1 7 0	3 ,,	14th December 1934.
19th to 29th March 1935	59,00,000	99 10 6	3 ,,	19th to 29th December 1934.
21st March 1935	1,50,00,000	1 7 9	3 ,,	21st December 1934.
TOTAL ..	6,11,00,000			
GRAND TOTAL ..	25,35,00,000			

STATEMENT OF LOANS RAISED BY THE BOMBAY MUNICIPALITY.

Date of Issue.	Rate of Interest.	Amount outstanding on 31st December 1934.	Dates on which half-yearly payments of Interest are due.	When payable.
		Rs.		
1863 ..	4 per cent.	14,55,783	1st of each month.	By monthly equated payments.
Between 5th January 1886 and 24th December 1891 ..	5 per cent.	92,08,500	1st April, 1st October.	Between 1st January 1943 and 1st January 1953.
1894-95 ..	4 per cent.	23,25,000	1st January, 1st July.	1st July 1935.
1896-99 ..	3½ per cent.	10,00,000	,, ,,	1st July 1936.
	4 per cent.	5,75,000		
1899 ..	,,	25,00,000	1st May, 1st November.	1st November 1939.
1899-1900 ..	,,	19,25,000	1st June, 1st December.	1st June 1940.
1901-03 ..	,,	24,75,000	,, ,,	1st June 1943.
1905-07 ..	,,	24,75,000	1st February, 1st August.	1st August 1946.
1908 ..	,,	13,50,000	1st May, 1st November.	1st May 1938.
1909 ..	,,	15,00,000	,, ,,	1st May 1949.
1909-10 ..	,,	30,00,000	,, ,,	1st May 1949.
1911-13 ..	,,	55,00,000	1st June, 1st December.	1st June 1942.
1913-14 ..	,,	70,00,000	,, ,,	1st June 1954 and 1st June 1974.
1913-15 ..	,,	20,00,000	1st May, 1st November.	1st May 1955.
1915 ..	,,	43,00,000	,, ,,	1st May 1945.
1920 ..	5 per cent.	10,00,000	1st January, 1st July.	1st July 1980.
1920 ..	4 per cent.	30,00,000	,, ,,	1st January 1951.
1920 ..	6½ per cent.	50,00,000	1st May, 1st November.	1st Nov. 1935-1950.
1921 ..	,,	75,00,000	,, ,,	1st Nov. 1936-1951.
1922 ..	5½ per cent.	*38,87,024	31st March (yearly).	By annual equated payments.
1922 ..	4¾ per cent.	*19,02,825	,, ,,	,, ,,
1922-23 ..	5½ per cent.	*91,39,669	,, ,,	,, ,,
1922-23 ..	5¼ per cent.	*20,20,003	,, ,,	,, ,,
1923-24 ..	5¼ per cent.	*1,89,71,249	,, ,,	,, ,,
1924 ..	5¼ per cent.	*52,35,746	,, ,,	,, ,,
1924-25 ..	5 per cent.	*1,25,59,557	,, ,,	,, ,,
1924-25 ..	5½ per cent.	*43,28,949	,, ,,	,, ,,
1924 ..	6 per cent.	67,77,000	1st June, 1st December.	1st December 1954.
1924-25 ..	,,	92,23,000	,, ,,	,, ,,
1926 ..	5½ per cent.	* 34,63,165	31st March (yearly).	By annual equated payments.
1926-27 ..	5 per cent.	*61,42,158	,, ,,	,, ,,
1928 ..	,,	*35,90,484	,, ,,	,, ,,
1928 ..	,,	25,00,000	1st January, 1st July.	1st January 1958.
1929 ..	,,	26,21,500	1st August, 1st February.	1st August 1959.
1929 ..	,,	26,14,000	,, ,,	1st ,, 1949-59.
1929 ..	,,	8,45,500	,, ,,	1st ,, 1954-59.
1930 ..	6 per cent.	40,00,000	1st June, 1st December.	1st Sept. 1950-60.
Total ..		16,49,11,112		

* Repaid in yearly instalments of Interest & Principal.

STATEMENT OF LOANS RAISED BY THE BOMBAY IMPROVEMENT TRUST (NOW AMALGAMATED WITH THE BOMBAY MUNICIPALITY) TO END OF 1934.

Nature of Loans.	When issued.	Rate of interest.	Amount raised.	Amount outstanding.	Due dates of interest.	When redeemable.
FROM GOVERNMENT.						
Rs. 275 lacs Dev. Loan ..	1920	6½%	275,00,000	2,75,00,000	May 1, Nov. 1.	November 1, 1935.
Rs. 95 „ „ „ ..	1920	6½%	95,00,000	95,00,000	Do.	November 1, 1935.
Rs. 45 „ Loan ..	1922	4¾%	*45,00,000	32,97,236	March 31, (Y).	
	1922	4½%		12,02,754	March 31 and September 30.	Feb. 20, 1982.
Rs. 172 „ „ ..	1922-23	5½%	*172,00,000	1,26,02,764	March 31, (Y).	
		4½%		45,97,236	March 31 and September 30.	Oct. 2, 1982 to Mareh 14, 1983.
Rs. 89 „ „ ..	1923-24	5½%	*89,00,000	67,00,000	March 31, (Y).	
		4½%		22,00,000	March 31 and September 30.	Nov. 2, 1983 to March 5, 1984.
Rs. 100 „ „ ..	1924-25	5%	*100,00,000	82,00,000	March 31, (Y).	
		4½%		18,00,000	March 31 and September 30.	Nov. 1, 1984 to Jan. 2, 1985.
Rs. 70 „ „ ..	1925	5½%	*70,00,000	66,00,000	March 31, (Y).	
		4½%		4,00,000	March 31 and September 30.	Oct. 2, 1985 to November 2, 1986.
Rs. 35 „ „ ..	1932	6%	†35,00,000	34,77,124	March 31, (Y).	March 31, 1982.
Rs. 8 „ „ ..	1932	5½%	†8,00,000	7,96,751	Do.	March 31, 1983.
Rupee Coupon Debenture Loan.	1899	4%	50,00,000	50,00,000	May 1, Nov. 1.	Nov. 1, 1959.
Debenture Loan	1901	„	30,00,000	30,00,000	Jan. 1, July 1.	Sept. 6, 1961.
„ „	1902	„	30,00,000	30,00,000	Do.	July 15, 1962.
„ „	1903	„	60,00,000	60,00,000	Do.	Aug. 20, 1963.
„ „	1904	„	50,00,000	50,00,000	Do.	Sept. 7, 1964.
„ „	1905	„	30,00,000	30,00,000	Do.	Sept. 12, 1965.
„ „	1906	„	20,00,000	20,00,000	Do.	Octr. 2, 1966.
„ „	1907	„	15,00,000	15,00,000	Do.	Sept. 24, 1967.
„ „	1908	„	30,00,000	30,00,000	Do.	Sept. 8, 1968.
Sterling Coupon Deb. Loan	1909	„	£5,66,600 at 1s. 6d.	75,54,666	Do.	July 1, 1969.
„ „ „ „	1910	„	£3,33,000 at 1s. 6d.	44,40,000	Do.	July 1, 1970.
Debenture Loan	1912	„	25,00,000	25,00,000	Do.	Aug. 28, 1972.
„ „	1913	„	18,00,000	18,00,000	Do.	Aug. 26, 1973.
„ „	1914	„	50,00,000	50,00,000	Do.	Aug. 4, 1974.
„ „	1916	„	25,00,000	25,00,000	Do.	Jan. 3, 1976.
„ „	1919	5%	40,00,000	40,00,000	May 1, Nov. 1.	Nov. 1, 1957-79.
„ „	1920	6%	70,00,000	70,00,000	Do.	April 1, 1935-80.
„ „	1926	5%	25,00,000	25,00,000	Jan. 1, July 1.	Sept. 16, 1956-86.
„ „ (43 years)	1927	4%	25,00,000	25,00,000	Do.	April 4, 1961 to Oct. 4, 1970.
„ „ (60 „)	1928	4½%	20,00,000	20,00,000	Do.	Nov. 1, 1938.
„ „ (60 „)	1929	5¼%	25,00,000	25,00,000	Do.	Nov. 1, 1944.
„ „ (6 „)	1930	6%	20,00,000	20,00,000	Do.	Nov. 1, 1936.
„ „ (6 „)	1931	6½%	30,00,000	30,00,000	Do.	Nov. 1, 1937.
„ „ (10 „)	1933	5%	10,00,000	10,00,000	March 31 and September 30.	March 31, 1943.
			Total Rs. ..	17,06,48,531		

* Debentures issued to Government are repurchased every year according to agreement and bear interest at 4%.

† Repaid in annual equated instalments of Principal and Interest.

STATEMENT OF LOANS RAISED BY THE BOMBAY PORT TRUST TO THE END OF DECEMBER 1934.

Description of Loan.	Amount raised.	Rate of Interest.	Dates on which half-yearly payments of interest are due.	When redeemable.
	Rs.			
Foreshore Securities (Guaranteed) ..	75,42,800	4%	1st April, 1st Oct.	After expiration of three months' notice to be given by the Trustees.
Debenture Loans (unguaranteed).				
1904 (60 yrs.) ..	36,50,000	4%	1st Jan., 1st July.	1st Nov. 1964.
1905 „ ..	35,00,000	„	1st Feb., 1st Aug.	1st Nov. 1965.
1906 „ ..	15,00,000	„	1st March, 1st Sept.	1st Feb. 1967.
1906 (30 yrs.) ..	6,00,000	„	„ „	1st Feb. 1937.
1907 (60 yrs.) ..	44,00,000	„	1st May, 1st Nov.	1st Feb. 1968.
1908 „ ..	75,00,000	„	1st March, 1st Sept.	1st Feb. 1969.
1909 „ ..	40,00,000	„	1st Jan., 1st July.	1st Jan. 1970.
1910 „ ..	56,00,000	„	1st April, 1st Oct.	1st Jan. 1971.
1911 „ ..	75,00,000	„	1st June, 1st Dec.	1st Jan. 1972.
1912 „ ..	1,10,00,000	„	1st Feb., 1st Aug.	1st Feb. 1973.
1913 (47 yrs.) ..	14,35,876	„	1st April, 1st Oct.	31st March 1960.
1913 (60 yrs.) ..	80,00,000	„	1st Jan., 1st July.	1st Jan. 1974.
1914 („) ..	88,25,000	„	1st April, 1st Oct.	1st Jan. 1975.
1914 (30 yrs.) ..	38,75,000	„	1st May, 1st Nov.	1st Nov. 1944.
1915 (45 „) ..	10,00,000	„	1st April, 1st Oct.	31st March 1960.
1915 (60 „) ..	55,00,000	„	1st June, 1st Dec.	5th Oct. 1975.
1916 (20 „) ..	25,00,000	4½%	1st May, 1st Nov.	1st Nov. 1936.
1922 (37⅓ „) ..	61,61,000	4%	1st June, 1st Dec.	31st March 1960.
1924 (35½ „) ..	11,51,000	„	1st April, 1st Oct.	31st March 1960.
1926 (35 4/12 „) ..	10,25,000	3½%	1st May, 1st Nov.	31st March 1960.
1929 (30 „) ..	35,00,000	„	1st Feb., 1st Aug.	1st Aug. 1959.
1930 (20 „) ..	38,50,000	4%	1st Jan., 1st July.	1st Jan. 1950.
1930 (30 „) ..	12,50,000	3½%	1st May, 1st Nov.	1st Nov. 1960.
1931 („) ..	12,50,000	„	„ „	1st Nov. 1961.
1932 („) ..	13,50,000	„	1st March, 1st Sept.	1st Sept. 1962.
Loans in England.				
1909 (30 yrs.) ..	66,66,666* (£500,000)	4%	1st Jan., 1st July.	1st July 1939.
1910 („) ..	66,66,666* (£500,000)	„	„ „	1st July 1940.
1922 („) ..	2,13,33,333* (£1,600,000)	6%	1st Feb., 1st Aug.	1st Aug. 1952.
Grand Total ..	14,21,32,341			

* Exchange calculated at 1*s.* 6*d.* to the rupee.

PRICES OF GOVERNMENT SECURITIES—1934.

—		3 per cent. Bonds 1941.	3½ per Govt. Paper.	3½ per cent. Loan. 1947-50.	4 per cent. Loans. 1934-37.	4 per cent. Loans. 1943.	4 per cent. Loans. 1960-70.	4½ per cent. Loans. 1934.	4½ per cent. Loans. 1955-60.	5 per cent. Loans. 1935.	5 per cent. Loans. 1939-44.	5 per cent. Loans. 1940-43.	5 per cent. Loans. 1945-55.	5½ per cent. Loan. 1938-40.	6½ per cent. Bombay Development Loan. 1935.	6½ per cent. Treasury Bonds. 1935.
		Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
Jan.	Highest	..	83 15 0	95 11 0	100 10 0	101 14 0	99 9 0	101 2 0	106 6 0	103 13 0	106 9 0	106 15 0	114 2 0	107 11 0	106 1 0	105 10 0
	Lowest	..	82 3 0	94 6 0	100 7 0	100 11 0	98 7 0	101 0 0	105 2 0	103 8 0	104 15 0	105 2 0	113 6 0	106 13 0	105 12 0	105 5 0
	Average	..	83 4 10	95 4 5	100 8 3	101 10 11	99 1 1	101 1 6	105 12 0	103 10 0	105 11 0	106 1 0	113 14 5	107 4 3	105 15 5	105 7 8
Feb.	Highest	..	86 12 0	96 2 0	100 12 0	102 6 0	100 10 0	101 3 0	106 11 0	103 11 0	107 0 0	107 6 0	114 11 0	107 14 0	106 1 0	105 12 0
	Lowest	..	83 11 0	95 10 0	100 10 0	101 15 0	99 8 0	101 0 0	106 5 0	103 8 0	106 9 0	106 15 0	114 2 0	107 11 0	106 0 0	105 9 0
	Average	..	85 6 1	95 12 6	100 10 11	102 3 0	100 1 7	101 1 3	106 7 6	103 9 10	106 12 9	107 2 10	114 8 8	107 12 11	106 0 10	105 11 3
March	Highest	..	88 8 0	97 11 0	100 13 0	102 15 0	103 1 0	101 1 0	108 1 0	103 9 0	107 6 0	107 14 0	115 1 0	108 0 0	106 1 0	105 10 0
	Lowest	..	86 11 0	96 2 0	100 9 0	102 7 0	100 9 0	100 11 0	106 11 0	103 2 0	107 1 0	107 7 0	114 11 0	107 12 0	105 10 0	105 2 0
	Average	..	87 11 1	97 3 2	100 10 6	102 11 0	102 8 3	100 14 1	107 9 1	103 6 5	107 4 1	107 9 10	114 15 2	107 14 7	105 13 7	105 6 4
April.	Highest	..	89 9 0	97 13 0	100 11 0	103 5 0	103 1 0	100 10 0	108 9 0	103 0 0	107 6 0	107 15 0	115 2 0	108 1 0	105 10 0	105 1 0
	Lowest	..	87 11 0	97 8 0	100 7 0	103 0 0	101 12 0	100 7 0	108 1 0	102 12 0	107 0 0	107 10 0	114 10 0	107 13 0	104 15 0	104 10 0
	Average	..	88 13 3	97 11 5	100 8 2	103 2 7	102 7 4	100 8 2	108 6 4	102 13 8	107 4 0	107 12 1	114 14 0	107 14 4	105 1 3	104 13 7
May.	Highest	..	89 7 0	98 8 0	100 10 0	104 6 0	103 9 0	100 14 0	109 4 0	103 2 0	107 12 0	108 11 0	116 3 0	108 10 0	105 10 0	105 3 0
	Lowest	..	88 2 0	97 10 0	100 6 0	103 4 0	101 15 0	100 8 0	108 9 0	102 14 0	106 13 0	107 9 0	115 0 0	107 13 0	105 0 0	104 14 0
	Average	..	89 0 3	98 5 4	100 8 6	103 11 9	103 0 0	100 11 5	109 0 9	103 0 8	107 3 1	108 1 5	115 7 9	108 3 9	105 5 3	105 2 4
June.	Highest	..	88 14 0	98 12 0	100 8 0	105 1 0	103 13 0	100 13 0	111 4 0	103 3 0	108 6 0	109 6 0	116 6 0	109 2 0	105 10 0	105 3 0
	Lowest	..	87 4 0	98 4 0	100 3 0	104 8 0	103 3 0	100 10 0	109 14 0	103 1 0	107 12 0	108 11 0	116 4 0	108 10 0	105 9 0	105 0 0
	Average	..	88 2 0	98 7 0	100 5 3	104 14 1	103 6 7	100 11 7	110 10 5	103 2 0	108 0 8	108 15 2	116 5 1	108 13 10	105 9 8	105 2 3
July.	Highest	..	89 10 6	99 5 0	100 3 0	106 4 0	105 10 0	100 10 0	112 12 0	103 4 0	109 3 0	110 2 0	117 2 0	110 2 0	105 10 0	105 4 0
	Lowest	..	88 5 0	98 11 0	100 0 0	105 2 0	104 0 0	100 4 0	111 4 0	102 15 0	108 6 0	109 6 0	116 7 0	109 2 0	105 8 0	104 11 0
	Average	..	89 3 7	99 1 8	100 2 1	105 15 0	105 2 4	100 7 5	112 2 5	103 3 0	108 14 0	109 14 3	116 15 2	109 12 11	105 9 5	105 1 6
Aug.	Highest	..	90 13 0	100 5 0	100 0 0	106 5 0	106 14 0	100 4 0	112 11 0	102 14 0	108 12 0	109 13 0	117 12 0	109 14 0	105 7 0	104 10 0
	Lowest	..	89 0 6	99 2 0	100 0 0	105 14 0	105 4 0	100 1 0	112 8 0	102 8 0	108 7 0	109 7 0	116 14 0	109 8 0	104 14 0	104 0 0
	Average	..	89 14 5	99 11 5	100 0 0	106 0 10	106 0 3	100 3 7	112 9 5	102 9 1	108 10 6	109 10 11	117 2 10	109 11 7	105 1 3	104 4 7
Sept.	Highest	99 7 0	92 0 0	101 8 0	..	106 3 0	107 13 0	100 1 0	112 14 0	102 9 0	108 12 0	109 12 0	117 13 0	109 12 0	104 14 0	103 14 0
	Lowest	99 0 0	90 12 0	100 7 0	..	105 8 0	107 0 0	100 0 0	112 10 0	102 8 0	108 1 0	109 0 0	117 9 0	108 15 0	104 10 0	103 10 0
	Average	99 3 0	91 5 7	101 2 1	..	105 10 10	107 9 6	100 0 5	112 12 0	102 8 3	108 5 0	109 5 9	117 11 0	109 6 3	104 11 11	103 11 5
Oct.	Highest	99 7 0	92 1 0	101 9 0	..	105 9 0	107 11 0	..	112 14 0	102 9 0	108 5 0	109 6 0	117 10 0	109 7 0	104 11 0	103 11 0
	Lowest	99 2 0	91 3 0	101 2 0	..	105 0 0	107 5 0	..	112 10 0	101 14 0	107 12 0	108 12 0	117 5 0	108 12 0	103 15 0	102 14 0
	Average	99 4 10	91 11 6	101 5 5	..	105 5 6	107 7 4	..	112 12 7	102 4 4	108 0 7	109 0 8	117 7 0	109 0 8	104 5 7	103 5 6
Nov.	Highest	100 9 0	95 11 0	102 9 0	..	105 12 0	109 13 0	..	115 0 0	101 14 0	108 7 0	109 7 0	118 1 0	109 7 0	103 15 0	102 14 0
	Lowest	99 3 0	91 8 0	101 3 0	..	104 14 0	107 7 0	..	112 12 0	101 10 0	107 12 0	108 12 0	117 5 0	108 12 0	103 11 0	102 12 0
	Average	100 0 9	94 0 0	102 0 4	..	105 3 0	108 9 3	..	113 14 3	101 11 9	108 2 1	109 2 3	117 12 2	109 2 2	103 12 6	102 13 1
Dec.	Highest	101 4 0	98 4 0	102 15 0	..	106 2 0	111 7 0	..	117 0 0	101 11 0	108 7 0	109 7 0	119 9 0	109 6 0	103 11 0	102 12 0
	Lowest	100 9 0	95 11 0	102 10 0	..	105 12 0	109 14 0	..	115 0 0	101 5 0	108 0 0	109 0 0	118 1 0	108 13 0	103 6 0	102 10 0
	Average	100 15 7	97 2 8	102 13 0	..	105 15 0	111 1 5	..	116 0 11	101 7 9	108 4 1	109 4 11	119 1 1	109 5 3	103 8 0	102 10 8
Highest of the year ..		101 4 0	98 4 0	102 15 0	100 13 0	106 2 0	111 7 0	101 3 0	117 0 0	103 13 0	109 3 0	110 2 0	119 9 0	110 2 0	106 1 0	105 12 0
Lowest „ ..		99 0 0	82 3 0	94 6 0	100 0 0	100 11 0	98 7 0	100 0 0	105 2 0	101 5 0	104 15 0	105 2 0	113 6 0	106 13 0	103 6 0	102 10 0
Average „ ..		99 14 0	89 10 3	99 1 2	100 6 8	104 6 0	104 11 3	100 10 2	110 10 10	102 12 7	107 11 4	108 8 0	116 5 6	108 11 3	105 1 2	104 7 6

BANK RATE CHANGES.

BANK OF BOMBAY.

		Per cent.
1902.		
January	9	6
Do.	16	7
February	13	8
March	27	7
April	10	6
May	1	5
June	19	4
July	17	3
November	6	4
December	23	5
Average		**4·778**
1903.		
January	15	6
Do.	29	7
February	19	8
March	12	7
April	16	6
May	14	7
Do.	21	8
June	4	7
Do.	18	6
Do.	25	5
July	2	4
August	20	3
December	10	4
Do.	17	5
Do.	30	6
Average		**5·082**
1904.		
February	11	7
Do.	25	6
March	10	5
May	19	4
June	16	3
December	13	4
Do.	20	5
Average		**4·147**
1905.		
February	2	6
Do.	16	7
March	9	8
Do.	30	7
April	6	6
Do.	14	5
July	6	4
Do.	27	3
August	10	4
November	23	5
Do.	30	6
December	14	7
Average		**5·101**
1906.		
January	4	8
February	1	9
March	15	8
Do.	22	7
Do.	29	6
April	26	7
May	24	6
June	21	5
July	12	4
Do.	19	3
August	9	4
September	12	5
November	15	6
Do.	22	7
Do.	29	8
December	13	9
Average		**6·263**
1907.		
March	7	8
May	2	7
Do.	9	6
June	6	7
Do.	20	6
Do.	27	5
July	4	4
August	1	3
September	26	4
November	7	5
December	12	6
Average		**5·939**
1908.		
January	3	7
Do.	9	8
February	6	9
March	19	8
Do.	26	7
April	16	8
May	28	7
June	25	6
July	2	5
Do.	16	4
Do.	23	3
October	22	4
November	5	5
December	10	6
Average		**5·920**
1909.		
January	14	7
May	13	6
June	3	5
Do.	24	4
July	15	3
November	4	4
Do.	18	5
Do.	25	6
Average		**5·137**
1910.		
March	3	7
May	12	6
June	2	5
Do.	23	4
July	7	3
October	6	4
November	3	5
Do.	17	6
December	15	7
Average		**5·164**
1911.		
May	18	6
June	1	5
Do.	21	4
July	13	3
October	19	4
December	21	5
Average		**5·019**
1912.		
January	11	6
Do.	18	7
February	1	8
Do.	22	7
March	20	6
May	9	5
June	13	4
July	11	3
October	3	4
November	14	5
Do.	28	6
December	12	7
Do.	27	8
Average		**5·062**
1913.		
April	3	7
May	29	6
June	12	5
July	3	4
Do.	17	3
August	7	4
September	10	5
October	10	6
Do.	31	5
Average		**5·912**
1914.		
January	15	6
May	21	5
June	4	4
Do.	25	3
August	6	4
Do.	13	5
Do.	20	6
Average		**5·405**
1915.		
June	2	5
November	4	6
Average		**5·575**
1916.		
January	6	7
Do.	13	8
April	13	7
May	25	6
June	15	5
July	13	4
August	17	5
October	5	6
November	23	7
Do.	30	8
Average		**6·423**
1917.		
February	22	7
March	15	6
August	23	5
December	6	6
Average		**6·054**
1918.		
May	23	5
November	7	6
Average		**5·539**
1919.		
January	16	7
March	7	6
June	12	5
Average		**5·580**
1920.		
January	22	6
February	5	7
April	8	8
Do.	22	9
May	13	8
Do.	27	7
June	16	6
July	29	5
November	4	6
Do.	12	7
Average		**6·363**

IMPERIAL BANK.

		Per cent.
1921.		
March	3	6
June	2	5
December	15	6
Do.	29	7
Average		**5·638**
1922.		
February	16	8
April	27	7
June	1	6
Do.	15	5
July	6	4
October	26	5
December	14	6
Do.	28	7
Average		**5·810**
1923.		
January	11	8
May	25	7
Do.	31	6
June	7	5
Do.	28	4
November	15	5
Do.	29	6
December	20	7
Average		**5·947**
1924.		
January	3	8
February	14	9
April	10	8
May	29	7
June	19	6
July	3	5
Do.	31	4
August	21	5
October	16	6
Average		**6·674**
1925.		
January	22	7
May	21	6
June	18	5
July	2	4
September	24	5
December	3	6
Average		**5·635**
1926.		
May	20	5
June	10	4
Average		**4·819**
1927.		
January	1	5
Do.	13	6
February	10	7
June	2	6
Do.	23	5
July	28	4
September	8	5
December	8	6
Do.	22	7
Average		**5·726**
1928.		
June	21	6
July	19	5
November	15	6
December	13	7
Average		**6·196**
1929.		
February	14	8
April	11	7
May	9	6
June	6	5
October	10	6
Do.	31	7
Average		**6·323**
1930.		
April	3	6
July	10	5
November	20	6
Average		**5·887**
1931.		
January	15	7
May	28	6
August	6	7
September	22	8
Average		**7·046**
1932.		
January	14	7
February	24	6
April	28	5
July	7	4
Average		**5·019**
1933.		
February	16	3½
Average		**3·563**
1934.		
Throughout the year		3½

COTTON MILLS.

Name of Company.	No. of Spindles.		No. of Looms.		Price during boom period 1920-21.	Quotations in 1934.		Intrinsic Value.* Less Depreciation.	Quotation at the close of year. (20-12-34).
	Installed.	At work.	Installed.	At work.		Highest.	Lowest.		
					Rs.	Rs. As.	Rs. As.	Rs.	Rs. As.
Ahmedabad Advance	44,224	42,822	924	880	3,300	315	267-8	366	301-4
Bombay Dyeing ..	184,184	164,407	1,734	1,697	4,395	950	663-12	887	927-8
Central India ..	101,056	98,896	2,166	1,688	6,400	341-4	211-4	240	330
Century	118,620	1,02,188	3,096	2,809	1,545	343-12	181-4	450	313-2
Colaba Land	34,000	32,925	700	690	3,800	140	66-14	155	133-2
Coorla	27,372	23,427	719	713	340	113-12	62-8	150	113-12
Dawn	43,512	40,984	..	..	1,800	400	320	1,095	395
Finlay	46,072	29,429	784	524	1,845	140	68-8	105	130
Khatau	61,996	53,932	1,514	1,429	920	98-12	49-12	170	87-8
Kohinoor	65,636	61,747	1,495	1,384	4,800	221-4	115-10	208	218-12
Laxmi Cotton ..	45,792	33,616	861	789	5,250	856-14	650	675	856-4
Morarji Goculdas ..	78,992	58,466	1,651	1,349	8,000	1,550	185	4,765	1,535
New City	45,944	42,154	432	417	1,040	63-8	45	58	56-14
New Great	46,884	44,789	1,028	978	1,375	232-8	105-10	300	205
Phœnix	52,868	51,323	728	694	1,430	328-12	257-8	558	315
Sholapur	111,360	91,132	2,234	1,818	18,500	3,025	2,600	16,000	2,900
Simplex	38,084	30,879	1,323	1,163	1,335	120-10	63-2	78	101-4
Swan	31,450	14,537	584	400	1,700	78-2	35	92	65
Swadeshi	74,288	54,807	2,336	1,363	6,030	238-2	136-14	235	228-12
Vishnu Cotton ..	49,392	43,968	1,275	1,143	2,375	1,635	1,330	736	1,605

* The intrinsic value is arrived at by valuing the mill at total book cost after adding liquid assets and deducting liabilities.

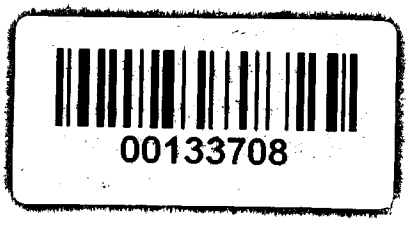
JUTE MILLS.

Name of Company.	Number of Looms.	Quotations 1917 to 1933.		Quotations in 1934.		Intrinsic Value† Less depreciation.	Quotations at the close of year. (22—12—34).
		Highest.	Lowest.	Highest.	Lowest.		
		Rs. As.	Rs. As.	Rs. As.	Rs. As.	Rs.	Rs. As.
*Albion	498	635	155	295	230	294	285
*Alliance	1,232	922	140	420	280	417	415
*Anglo-India	2,561	573	110	490	335	388	490
*Auckland	810	515	107	269	174	273	265
*Bally	825	369-8	77	233	145	217	233
*Barnagore	1,744	347	72	197	137	235	194
*Belvedere	820	785	220	445	334	334	442
*Budge Budge ..	990	820	195	382	307	424	375
*Caledonian	616	860	218	550	460	480	550
*Clive	969	79-8	16	35-5	26-2	34	35-4
*Dalhousie	766	832	195	427	332	383	422
*Delta	779	870	220	452	333	425	440
Empire	500	99	27	45	34	39	45
*Fort Gloster	1,884	1,565	265	682	465	727	680
*Fort William ..	1,014	620	107	335	235	375	334
Gondalpara	600	1,600	500	1,015	735	1,190	1,015
*Gourepore	1,392	1,670	180	732	350	590	732
*Howrah	1,940	70-10	23	62-6	49-12	43	62-6
*Hooghly	454	175	41	73-8	55	70	73
*Kamarhatty	1,797	1,198	226	649	520	437	648
*Kanknarrah	1,527	905	238	580	440	355	578
*Kelvin	702	1,460	405	655	515	680	578
*Khardah	1,457	760	230	495	400	342	495
*Kinnison	1,250	1,810	378	735	590	668	730
*Lansdowne	846	626	70	195	132	203	190
*Lawrence	840	1,060	220	580	430	550	575
*Lothian	558	705	125	335	255	310	335
Naihatty	815	900	200	480	365	440	470
*New Central	709	1,055	275	430	340	450	425
*Northbrook	567	113	25-8	54-8	43	52	54
*Reliance	1,276	101	20-8	81-8	70-8	55	81-8
*Standard	650	933	185	390	302	344	380
*Union	1,326	1,280	237	545	394	533	545

* The intrinsic value of these is arrived at by valuing each loom at Rs. 5,000.

† The intrinsic value is arrived at by valuing the mill at total book cost after adding liquid assets and deducting liabilities.

The Times of India Press, Bombay.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